The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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Formerly Millard's Review

中華郵政特准掛號立券之報紙

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Formerly Millard's Review

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WASHINGTON OFFICE
J. J. Underwood—Correspondent
Colorado Building, Washington, D. C.

THE NANKING WOMAN WHOSE SPEECH STIRRED JAPANESE

FIRST honors this week in the field of national patriotic endeavor go to a Nanking woman, wife of a member of the secretariat of the Kuomintang Central Executive Committee. For some reason nothing has as yet appeared in the local foreign or Chinese newspapers about the incident, but the newspapers in Japan have printed several columns, most of it highly critical, regarding an address on the Sino-Japanese situation which was broadcasted from Nanking and heard all over Japan. The speaker was Mrs. Fang Chung Yuan, wife of Fang Chih, and according to the reports in the Japanese newspapers the Japanese Government has not only lodged two protests with the Nanking Foreign Office, but also has demanded Mrs. Fang's punishment—a matter which the Chinese authorities are not likely to comply with, for obvious reasons. The reports in the Japanese newspapers declare that Mrs. Fang has a "wonderful voice," but this did not disguise the fact that her address was regarded as highly "seditious," and had the effect of stirring numerous reactionary organizations, including the military, into activity culminating in the recent protests filed with the Nanking authorities. Mrs. Fang it seems is a Japanese woman, hence her speech was delivered in the Japanese language. According to the report, her maiden name is Masue Ueki and she is a native of Niigata prefecture. Mr. Fang became acquainted with her while a student in the Tokyo Higher Normal School and following their marriage, they came to China in 1924, and since have lived in Nanking. The text of Mrs. Fang's address was not given but an explanation which was later broadcasted from Nanking stated that she had no intention of conducting propaganda in Japan on behalf of China but was merely trying to explain the Chinese viewpoint to her fellow countrymen in Japan—in their own language. That she succeeded in this endeavor is amply proved by the angry protests of the Japanese military authorities which have appeared in the Japanese newspapers.

The incident serves to call attention to the modern use of radio broadcasting which seems to be able to get around all efforts at censorship, an example of which was provided a few days ago when an address by Leon Trotsky, delivered in Europe, was plainly heard in the United States

despite the efforts of those who would have censored the speech. Several weeks ago *The Review* printed a report regarding the efforts which the Japanese have made to prevent owners of radio receiving sets in Japan from "listening-in" on broadcasts from foreign countries. But apparently the efforts of the Japanese radio-censors have not been successful for Mrs. Fang's address was heard all over the island empire. The Chinese have been able to do this as the result of the recent construction in Nanking of one of the most powerful broadcasting stations in the world. The Japanese "Information-Bureau" which has its headquarters in a room adjacent to that occupied by the commander of the expeditionary forces in the Japanese military barracks at Tientsin, on Nov. 29 issued a report referring to the Nanking broadcasting station. It declared that the Nanking Kuomintang headquarters was sending out daily reports which were being heard all over the world and that these reports included replies to Japanese statements made at Geneva on the Lytton Report and the Manchurian issue.

SIR ROBERT HART ALSO URGED A POLICY OF LIBERALITY

RECENTLY *The Review* published some extracts from Lord Charles Beresford's book, "The Break-up of China," published in 1899, wherein he urged concerted action on the part of the British and American governments to uphold the Open Door and the territorial and administrative integrity of China. At the time Lord Beresford's book was published China was threatened with dismemberment through the development of the so-called "spheres of influence" policy, a situation not greatly different from today due to the Japanese occupation of Manchuria and talk about international intervention. The publication of Lord Beresford's declaration in our issue of Nov. 26 has inspired a reader of *The Review* to send us an extract from an article in the British *Quarterly Review* by R. F. Johnson, C.B.E., wherein there appeared quotations from statements made by Sir Robert Hart, former Inspector-General of Customs. Sir Robert Hart's statement, although made shortly following the Boxer uprising in 1900, also has a present day interest in view of recent Japanese declarations pertaining to political conditions in China. For example the Japanese are contending at Geneva that organized government is non-existent, hence China cannot be treated as a state in the modern sense of the word. Referring to the Boxers who were being condemned all over the world for their atrocities, Sir Robert Hart declared that the Boxers, "though ignorant and misguided, were patriots and the Boxer Association was patriotic in origin and justifiable in much that it aimed at." While condemning their methods, he stated their underlying motives were patriotic and in reference to to the pro-Boxer mandarins, he said they "were deserving of something better than mere execration." According to the writer of the article in the *Quarterly Review* these statements by an eminent Englishman, who had passed through the Boxer uprising, "are worth recalling today, in the light of charges of 'anti-foreignism' which are being made." Also, it is interesting to note that Sir Robert Hart had some noteworthy things to say about the question of treaty-revision, a subject which the Japanese have emphasized at Geneva under the heading of "treaty-violation." A reference to Hart's statement shows that the Chinese objected to exterritoriality "long before the close of the last century.... on the ground it was a vague, unregulated doctrine, unlimited in scope....it is by no means certain that foreign intercourse with China might not have become far more intimate than it is, and that foreign trade might not have been far greater, had the foreign Powers boldly taken the obvious and very real risks involved, and abolished exterritoriality long ago." Hart also pointed out that "foreign countries would watch over the safety of their nationals just as jealously as they do now that they protect them by exterritoriality. ...existence of exterritorial privileges does not ensure that individual foreigners will never suffer ill-treatment at Chinese hands; and the abolition of exterritoriality would not preclude the foreign Powers from taking diplomatic action on behalf of those of their nationals who had reason to complain of cruelty or injustices." With reference to the charge that the Chinese demand for treaty-revision is of "bolshevist" origin, the writer of the article in the London journal declared, "If we act as though bolshevism did not exist, or as though we were not afraid of it perhaps we shall find that it has actually vanished from many places once supposed to be that squalid bogey's chosen haunts....the last thing the bolshevists want to see is a full reconciliation between England and nationalist China....such a reconciliation should obviously be the main object of British policy in China."

JAPANESE WORRIED ABOUT "HELL'S-ANGELS" AT HANGCHOW

INSPIRED reports in the Japanese newspapers evince great concern and anxiety regarding what they term the American "Hell's-Angels" at Hangchow. The reference, of course, is to the American aviation experts, some fifteen in number, who are connected with the Chinese National Aviation Institute which was established at Hangchow several months ago. The *Japan Chronicle* on Nov. 25 reprinted an article from the Japanese press which among other things alleged that one of the Dollar line steamers recently landed some twenty bombing planes and large quantities of new weapons at a certain port on the Yangtsze and about the same time twenty American air-officers arrived at Shanghai and departed immediately for Hangchow. There were further allegations that Marshal Chang Hsueh-liang, on his recent trip to Hankow, had gone to Hangchow for the purpose of inspecting the Chinese aviation school which is now functioning at the Chekiang capital. Also, it was stated that Dr. H. H. Kung, former Minister of Industry at Nanking, who is now in the United States, is negotiating for still more American aviators to come to China and for Chinese students of aviation to proceed to the United States for military training.

The China National Aviation Institute, regarding which the Japanese appear to be worried, was established last summer at Hangchow

and now occupies an extensive flying field near that city. According to the official announcement which appeared at the time, the object of the school is to train Chinese civilian fliers for service on the air-mail and passenger lines now operating in the Yangtsze valley and shortly to be established in north and south China. The number of Chinese students enrolled and the type of equipment used in the school is not known, but the co-director of the Institute is Col. John H. Jouett who had extensive service with the American forces in the World War but who since has been concerned with civilian flying in the United States. Col. Jouett is assisted by some fifteen other American aviators who serve as faculty members in the institute. It is understood that the school was largely financed by contributions of patriotic Chinese residing overseas and also by wealthy Chinese at home, somewhat in the manner that public spirited individuals in Japan have contributed toward the development of aviation in that country.

As disclosed in the article in the *Japan Chronicle* one source of Japan's worry about American cooperation in the Hangchow aviation school dates back to the activities of Lieutenant Robert Short, American aviator who volunteered for service in the Sino-Japanese complications at Shanghai last spring. Lieut. Short was killed in a spectacular battle with six Japanese bombing planes at Soochow. The Japanese newspapers, apparently under military inspiration, have been trying to create the impression that the American aviation instructors at Hangchow, would, in the event of further Sino-Japanese complications, serve as future "Bob Shorts" in the Chinese service. This allegation is of course incorrect, but the report apparently has served a useful purpose in Japan in keeping the Japanese people stirred up about a hypothetical Japanese-American war or an equally hypothetical Sino-Japanese-American war.

It is no secret that China is woefully deficient in skilled aviators, which element has proved the most serious handicap in the development of commercial aviation. While there are a considerable number of Chinese aviators, some of whom have been trained abroad, it is a fact that most of the pilots now employed in the air-mail and commercial services are foreigners. The National Aviation Institute at Hangchow is expected to remedy this defect by providing home training for Chinese students of aviation. Whether these Chinese young men would become available for military service in time of war may be left to the imagination. It probably is this point which is at the foundation of present Japanese anxieties for the Japanese obviously do not wish to see China develop an efficient aviation department, either civilian or military.

Chiang Kai-shek to Attend Third Plenary Session

General Chiang Kai-shek, President of the Military Affairs Commission, was due to return to Nanking Dec. 8 to attend the 3rd plenary session of the Central Executive Committee. The draft of the report on the bandit-suppression campaign, covering the military operations, administrative reforms, highway construction and rehabilitation measures, has been completed, it was announced.

RESULT OF PUBLICATION OF FALSE CHINESE NEWS IN U. S. A.

TWO weeks ago, Nov. 26, *The Review* referred to a protest which the Chinese authorities in Nanking had made regarding the dissemination of false news reports through the official Japanese *Rengo* service. In this connection there appeared a reprint of one of the Japanese reports from Peiping alleging that an anti-Nanking military coalition was being formed with the object of creating a "buffer-state" in the North that would be favorable to Japan. As stated in our previous editorial, the circulation of these reports over the world frequently causes considerable damage through misleading newspaper readers regarding the actual situation. The particular report which was dated at Peiping on Nov. 5 apparently was picked up in Shanghai and wired to the *New York Times*. Now we find the *New York Nation* commenting on the report to the following effect,

> While the quarrel over Japan's conquest of Manchuria continues to engage the attention of diplomats in Geneva, Washington, and elsewhere, the Japanese themselves are apparently looking still farther afield. There was held in Peiping recently a conference of more than passing significance, which was attended by Akira Ariyoshi, the Japanese minister to China; Tokuzo Komai, privy councilor of Manchukuo; Tuan Chi-jui, former President of China; and a number of retired Chinese war lords, including Wu Pei-fu and Yen Hsi-shan. Observers reported that the question of erecting a new buffer state in North China was discussed. It is known that the Japanese have for some years looked with favor upon this idea. Five years ago, indeed, when the southern Nationalists were threatening to invade Manchuria, the Japanese did actually intervene in North China for the purpose of "restoring peace and order." Now that the Nanking Government is showing signs of dissolution, and another period of civil warfare in the Peiping area and along the borders of Manchuria appears imminent, the Japanese may again decide to intervene. Doubtless their creature state, Manchukuo, would feel more secure if any autonomous but friendly government were set up in North China as a barrier against the political confusion and military disturbances of the rest of China. The presence of Wu Pei-fu and Yen Hsi-shan lends color to the belief that the Peiping conference took up this question. Wu Pei-fu has always wanted to govern North China, while Marshal Yen was for a short time in 1928 in control of Peking (now Peiping), and has made no secret of his desire to return to authority in that area.

A careful perusal of this editorial which appeared in *The Nation* on Nov. 9 shows quite clearly that it is based almost entirely on Japanese propaganda, the Japanese purpose being to create the impression that certain influential Chinese are favorable to the Japanese viewpoint and would like to settle the Manchurian issued on Japanese terms. As a result of the circulation of this report through the Japanese news service, and the circulation of a later report through the same medium alleging that Gen. Chiang Kai-shek himself favored direct (private) negotiations with Japan, the Commander-in-Chief of the Chinese forces on Dec. 3 sent a cablegram to Geneva categorically denying the whole thing, Gen. Chiang's cable being addressed to the Chinese delegates at Geneva. As stated in our previous reference to the subject, the chief harm comes when these Japanese reports are picked up by American and European correspondents in Peiping, Shanghai and Tokyo and wired to their

newspapers abroad. One may well imagine the embarrassment of the Chinese delegates at Geneva who are fighting China's battles tooth and nail, to read reports in the European press that their own officials in China are "selling-out on them." In addition to wiring to Geneva denying the report, T. V. Soong, Finance Minister and Dr. Lo Wen-kan, Minister of Foreign Affairs, at Nanking both explained to the foreign ministers now in the capital that the Japanese reports were false. But to refer again to the editorial in *The Nation*, we find the allegation made that the Japanese Minister, Akira Ariyoshi and Tokuzo Komai, Japanese privy councilor of Manchukuo, "held a conference in Peiping with Tuan Chi-jui, Wu Pei-fu, Yen Hsi-shan and a number of other war-lords now in retirement." The report was obviously false for Yen Hsi-shan hasn't been in Peiping for practically two years and according to recent reports from Peiping, Gen. Wu Pei-fu, ex-leader of the now defunct Chihli party, had refused to meet Tuan Chi-jui, the aged militarist who formerly headed the Anfu Clique which was subsidized by the Japanese to the extent of some three hundred and fifty million silver dollars in the form of loans advanced when the Anfu clique was in control of the old Peking Government during the course of the World War. We obviously are not disputing the fact that there may be a desire by certain elements in the north to oust Marshal Chang Hsueh-liang from control of the Peiping-Tientsin area and Jehol, but we do dispute the allegation that the new coalition would be "pro-Japanese," or favorable to permanent Japanese control of Manchuria. Marshal Wu Pei-fu, despite his many imperfections, never has been a traitor to his people and once earned Japanese animosities by declaring his intention of driving the late Chang Tso-ling not only out of Manchuria, but out of Tokyo as well should such be necessary. It is therefore quite illogical to believe that these northern militarists, most of whom are now in their declining years, would be able to patch up their old quarrels and combine for the purpose of helping the Japanese clinch their control of the northeastern provinces and north China in the bargain.

FRENCH COMPEL JAPANESE TO GIVE UP KIDNAPPED KOREAN

AN incident which had in it the elements of serious friction between the local French and Japanese authorities took place during the latter part of last week when seven Japanese, five of whom at least were armed, made a raid into the French Concession and carried off a Korean. The incident took place shortly before nine o'clock on the night of November 30 in at alleyway off Rue de Capitaine Rabier, which is the boundary road between the French Concession and the Chinese city of Nantao. The explanation of the Japanese Consul General Ishii to French Consul General Meyrier on the following day was that the Japanese in question thought they were operating in Chinese territory; he therefore tendered his regrets for the incident. The incident came to a head because on this occasion the Japanese raiding party was intercepted in the act by members of the French police, who took into custody two Japanese, who were both found to be in possession of loaded pistols. The objective of the raiding party was a Korean named Kim Chu, aged 45, whom the Japanese believed to be connected with a local independence society. The Japanese raiders entered Kim's house, but when they tried to tie him in characteristic Japanese fashion he put up a stiff fight and yelled out sufficiently to attract the attention of a French-Annamate policeman on duty in the vicinity. Assistance in spreading the alarm was also given by a young nephew of Kim, and as a result the Japanese raiding party also tried to make away with him. The Annamite, as soon as he appeared on the scene, cried out to the Japanese, who were in plain clothes, to stop. When they refused to pay any attention, the Annamite fired his carbine into the air. This attracted other members of the French Police to the scene, whereupon five of the Japanese hurriedly made away with Kim in a motor car, their previous getaway having been delayed as a result of their efforts to tie up his nephew also. The French police were, however, able to hold two of the party, evidently the two most important. One of them named Aiuchi carried a Japanese Consular card; the other named Yamasaki, claimed to be a member of a Japanese import and export firm. The French police held on to the two Japanese and took them to the French Police station. The affair, taking place at night, it was some little time before the Japanese and French Consular authorities got into communication. The first Japanese request was for the release of the two men whom the French police held. This was countered by the French who stated that they would hold on to the two Japanese until the Korean, Kim, who had been carried off by the five Japanese, had been returned to the French Concession, and an apology given by the Japanese Consul General for a violation of the rights of the French Concession. The French held their ground and at 6 p.m. December 1, Kim was brought by Japanese Consular officials to the French Consulate General, and from there he proceeded to his home. Following this a party of French Police conducted the two Japanese to the Consulate General. Charges of armed kidnapping have been laid by the French Police against the two Japanese, Aiuchi and Yamasaki, in the Japanese Consular Court.

This is the first occasion on which the French authorities have taken a firm attitude concerning this matter of Japanese raiding parties coming into the French Concession and making off with Koreans without observing the usual formalities, which are that the Japanese authorities should apply to the French Municipality for the arrest of the wanted person or persons and then the arrest should be made jointly by Japanese consular police and French police. The disadvantage of such a method, in the Japanese eyes, is of course that, with the strong anti-Japanese sentiment prevalent, news of the impending arrests is likely to leak out and by the time the formalities are observed the wanted Korean will have disappeared. In this particular case the French, as above stated, insisted that the *status quo ante* should be brought about, and then if the Japanese wanted this Korean and his nephew, they should apply in the usual man-

ner, and this the Japanese promptly did. Mr. Kim has in the meantime, so it is reported, disappeared from Shanghai. In addition to the protests made by the French Municipality, the Chinese authorities filed a protect against the Japanese arrest of Mr. Kim as it is claimed that he is a naturalized Chinese citizen, having taken out naturalization papers in 1929. Chin Yung-tuo, secretary of the Municipality of Greater Shanghai stated that the Municipality considers the arrest of Mr. Kim allegal and that an assurance should be obtained from both the Japanese and French authorities that a recurrence should not be permitted. Mr. Kim, the Japanese allege, is one of the Koreans who helped to foment the Hongkew Park bombing incident last Spring.

Before quitting Shanghai Mr. Kim issued a statement in which he admits being a Korean independence worker and declaring that he had served as Minister of Justice, Minister of Finance and Minister of War concurrently in the Korean Provisional Government here in 1920. He is still serving as the chairman of the finance committee of the Korean Independence Party, he stated. Mr. Kim admitted in his statement that he has been engaged in revolutary work since 1918, when he organized the New Korean Youths' Party. On the day of his attempted arrest, Mr. Kim continued, he was invited to the house of a Mr. Huang in Route Capitaine Rabier to meet a Kuomintang leader from Canton. When they reached the house, Mr. Huang is stated to have told another friend to send out a friend to inform the expected Kuomintang leader of their arrival. When the friend returned, he brought with him seven Japanese plainclothes officers instead. Relating his experiences in the Japanese consular police quarters, Mr. Kim charged the Japanese officers with torture and ill-treatment.

SHANGHAI FOREIGN MUNICIPAL COUNCIL ISSUES VOTING LIST

THE Shanghai Municipal Council on December 1 issued the "Voting List" in the *Municipal Gazette*, the official organ of the Foreign (International) Settlement of Shanghai. The list is published in accordance with Land Regulation XIX which provides among other things that "Every foreigner, either individually or as a member of a firm, residing in the Settlement, having paid all taxes due and being an owner of land of not less than five hundred taels in value, whose annual payment of assessment on land or houses or both, exclusive of all payments in respect of licences, shall amount to the sum of ten taels and upwards, or who shall be a householder paying on an assessed rental of not less than five hundred taels per annum and upwards, shall be entitled to vote in the election of the said Members of the Council and at the public meeting."

The list contains 3525 names, but this is far in excess of the actual number of individual voters, as many individuals represent one or more interests, sometimes because the same person is either owner or agent for several interests, or, as is frequently the case, because the Shanghai resident holds a proxy from some absent person who would be entitled to vote if he were in Shanghai. The Shanghai Foreign Municipality is "run" as a close corporation, with the largest holders, the Chinese, being discriminated against. Chinese names do not appear in this voting list at all. The Chinese, however, have their own method of selecting five Chinese minority councillors, who several years ago were given places on the Council.

A considerable portion of the names in the voting list is represented by foreign agents of Chinese land, registered in foreign consulates, the ownership of land in the Foreign Concession by Chinese being legally prohibited. In actual practice, however, about three-quarters of the land is Chinese-owned, the registration in the foreign Consulate being merely a legal fiction to overcome the operations of an archaic law. The story of the real status is locked up in the archives of the various land agents and lawyers' offices, and details will not be available until the foreign status of Shanghai has come to an end and all land, whether foreign or Chinese, has been put on the Chinese register.

According to reports which have appeared in the local newspapers both the British and American chambers of commerce are making a special effort to get out a record vote in the forthcoming municipal election, the apparent object being to prevent the Japanese from dominating the election next year as they did in the last election. For several years the Japanese have adopted the practice of "instructing" their voters to concentrate on certain candidates, the two Japanese candidates of course coming first. Then the Japanese select certain foreign candidates, Britons or Americans who are amenable to Japanese wishes and by "lumping" their votes are thus able to assure the election of candidates favorable to the Japanese. In the last municipal election the Japanese succeeded in this manner in defeating one of the American candidates and possibly also one British candidate, both of whom had been outspoken in their condemnation of Japanese military activities in Chapei and Hongkew. Heretofore neither the British nor the Americans have made any special effort to organize their voters with the object of preventing the Japanese from dominating the International Settlement.

Chiang Kai-shek Opposes Direct Negotiation with Japan

In a cablegram addressed to Messrs. W. W. Yen, Wellington Koo and Quo Tai-Chi, Chinese delegates to the League of Nations, Dec. 3, General Chiang Kai-shek categerically denied the rumor that he personally favored direct negotiations with Japan. General Chiang declared that at this juncture when the Sino-Japanese question was receiving the serious attention of the League of Nations, it was obvious that the purveyors of such a rumor could have no other motive than that of diverting the League from its present course, and misinforming the world. "I feel confident that the League will maintain the sanctity of the League Covenant and other international peace treaties, and effect a just and proper settlement of the Sino-Japanese question," General Chiang cabled.

National Government to Control Alcohol Importations

The Executive Yuan of the national government recently promulgated a set of by-laws governing the manufacture and marketing of alcohol and ordered the Ministry of Industries to instruct all the bureaus of inspection and testing of commercial commodities to execute it. All alcohol imported at Shanghai on and after December 1, 1932, shall be subject to the inspection of the Shanghai.

Japanese Try to Hold Yen at G.$0.20 by Artificial Means

THE financial authorities of the Japanese Government are now devoting their attention to schemes which will prevent still further depreciation of the yen. The yen recently has stood in the neighborhood of twenty gold cents, as against its normal value of just under half of an American dollar. There is every indication that the yen is headed for still further flights, but the time has now arrived where the Japanese government is beginning to adopt arbitrary methods to hide the real situation of the value of the country's currency, just as Soviet Russia has been doing for several years past. It is said that the Japanese Department of Finance has in hand four plans to try to keep the yen from dropping below the twenty cent level, but when interviewed by the Japanese press recently Mr. Takahashi, Minister of Finance, said that though he has studied the stabilization of the yen exchange problem carefully he has so far failed to discover any feasible plan.

The *Osaka Asahi* in a recent issue stated that the Japanese Government is resolved to defend the twenty cent level in the yen exchange at all costs. The Finance authorities hope that the recent order to exchange banks to submit daily reports on interbank transactions will be effective in checking speculative transactions, and consequently stabilising the market. They are ready to take further action if the result is not satisfactory. The recent Government order provides for the submission of reports within 24 hours, the stating of the reason why transactions have been necessary and insists on the duty of Japanese banks to report sales of yen at their overseas branches. Under the old system, exchange banks could make speculative purchases of the dollar at the beginning of the month, and settle by the month-end, but in future such operations will not be allowed.

If the recently-enacted bank measure fails to have satisfactory results, the Government is stated to be preparing to take further vigorous steps to check speculative trading. Japanese papers believe that, if the Government discovers that speculative dealings are causing undue declines in exchange, it is likely to adopt the license system. Later, if trouble continues, further steps contemplated are to restrict inter-bank deals, to inspect the books of the banks frequently, to order that foreign currencies be sold to the Government and to take over foreign securities. The Ministry of Finance, it is pointed out, has always known the details of the Yokohama Specie Bank, the Bank of Taiwan and the Bank of Chosen, which are under its supervision. The new regulations place all other banks in practically the same position.

An apparently optimistic tone is to be noted in the recent news from Japan. As was the case in Germany a decade ago during the period of declining money values, an artificial stimulus is being given to business in Japan. Mr. Takahashi, the Finance Minister in a statement made before the Cabinet Council at Tokyo November 26 spoke of increasing prosperity in the country, but it is rather ironic that he mentioned first of all the ammunition industry. He added that prosperity was returning also to establishments engaged in the manufacture of export products and in trading in general; also among the farmers, who he said hold the key to the restoration of prosperity to the entire nation. He predicted that Japan would emerge from the present period of distress within the next two or three years.

Jotaro Yamamoto, chairman of the Seiyukai Economic Committee and former president of the South Manchuria Railway, in an interview with a representative of the *Japan Advertiser* Nov. 22 stated that everything considered, Japan is pretty well off today and, while the budget for the coming fiscal year promises troubles in the future, those troubles will not be sufficiently deep-seated to undermine the national economic foundation. Under present circumstances the Japanese Government, he said, has no alternative other than to pass the budget, bide its time and wait for the will of the people with regard to fiscal questions as they crystallize and become evident. "All this talk of relief for the farmers, for the businessmen and for the small industrialists is foolish," said Mr. Yamamoto. "Maybe relief was needed in May. It is not needed now. Who needs relief outside of Aomori and the Hokkaido? Crops failed there and the Government has helped the farmers, but that was an act of God, not a purely economic condition. Let's examine the situation. Fifty-five per cent of the population is on the land. Rice is selling for about Yen 23 or Yen 24 a koku, well above the average for the past five years. The farmer likes that. Take silk. It's fairly firm at Yen 900. In the old currency that was only Yen 350, but the farmer thinks he is better off and he is. Take industry and trade generally. Many lines have orders booked for capacity operation until next summer. Some of this prosperity is due to military orders, but the vast bulk of it is due to the fact that the fall of the yen has stimulated our export industries. We can manufacture more cheaply than our competitors and we are opening up new markets. That means money. That means prosperity. The Government is spending money here. The foreign purchasers are spending money there. There is a good turnover. There are few unemployed."

Finance Minister Korekiyo Takahashi assured the Cabinet at a meeting on Nov. 25 that there is no need to feel concern about the large budget drafted for the next fiscal year or about the financial future of the nation. Revenue is certain to increase and expenditure to decrease, he asserted. Following his explanation, the Cabinet formally approved the new budget, which calls for expenditure of Yen 2,239,325,728. According to the *Tokyo Nichi Nichi*, Mr. Takahashi said: "We have compiled the budget with a firm conviction. I wish to relieve you of worry. The appropriations for agricultural relief and fulfillment of military plans, which comprise the great-

er part of the next budget, will decrease gradually after the next fiscal year. It is true that revenue from taxation is now Yen 220,000,000 lower than in 1928. But this not a phenomenon peculiar to the present fiscal year. The tendency has been with us since 1926. If financial conditions improve, the situation will be better. There are already signs that industries manufacturing export goods and the armament industry are turning toward prosperity. Agriculture, moreover, the key to real prosperity, has started to recover in the past few months. If the farm relief program is carried out successfully, the trend toward prosperity will be all the more accentuated."

A statement by Mr. Hijikata, the Governor of the Bank of Japan read at the same meeting mentioned that trade promotion and economic revival are in evidence and that Japan's economic status as a whole had vastly improved. Mr. Hijikata, however, pointed out that high prices, trade prosperity and better business results have been induced much more by the slip of the exchange rate than by an increase in demand. While the export trade of the world's leading countries has been falling, that of Japan has been witnessing a notable increase. This has been due, he said, to the fact that the rise of domestic prices had not been so marked as the drop of the exchange rate. If domestic prices rise more, the benefits will be lost gradually, he was careful to point out. Moreover, the fact could not be ignored, he said that foreign countries are likely to raise their tariff walls against Japan due to the exchange rate. This would lessen the advantage caused by the drop of the yen.

Mr. Hijikata also discussed Japan's economic position at a meeting of the Kwansai bankers. He strongly warned his hearers against an artificial boom. At the beginning of the year, he said, financial circles saw a boom through the reimposition of the gold embargo, but with the adverse situation abroad and the lack of the domestic demand, this prosperity soon dwindled away. The first half of the year, as a matter of fact, ended in a very depressed state. The foreign trade in the first half was unsatisfactory, he said. This was largely due to an anticipation of a fall in the yen and an increase in tariff rates, for they stimulated imports and spoiled exports. In Japan proper alone, the official returns showed an unfavorable balance of Yen 266,000,000 as against Yen 113,000,000 a year previously. Since July, however, exports have already exceeded imports by Yen 218,000,000 reducing the adverse balance to Yen 48,000,000. This marked improvement in exports and the rise in commodity prices has had a favorable effect on industrial circles, he said. Many industries which benefit from the depreciated yen and which are needed by War service departments or for emergency public works have seen a remarkable improvement.

The *Japan Chronicle* gave an excellent summary of the trading position in Japan in an editorial November 25 entitled, "Trading in Depreciated Currency." The *Chronicle* pointed out that "playing tricks with the currency has made it exceedingly difficult to compare this year's trade with last year's. In ten months the exports have increased (as compared with the corresponding period of last year) from Yen 987,158,000 to Yen 1,085,422,000, while imports have increased from Yen 1,043,062,000 to Yen 1,151,529,000. If we compared these figures with the average rates of exchange throughout the period, we should find that the cash values represent, reckoned on a gold basis, a heavy decline in both imports and exports; but prices do not rise and fall in proportion to the gold exchange value. For a long time the prices of exports remain low, while the price of imports is much more sensitive and much quicker in adjustment. In other words, while the exports have increased by Yen 98,000,000 and imports by Yen 108,000,000, the discrepancy in goods is much greater. Japan has been selling her goods very cheap, and buying at normal prices, so she has given much more bulk while receiving much less than last year. A heavy price has been paid for the increase in exports. We find, for instance, that the average price of raw silk shows hardly any difference compared with that sold last year, 44,655 thousand kin this year fetching Yen 292,340,000, while last year 45,131 thousand kin fetched Yen 293,315,000. On the other hand, while 916,615 thousand kin of raw cotton cost last year Yen 247,856,000, the 1,102,753 thousand kin imported this year cost Yen 364,544,000 instead of the 302 million yen which would have been a proportionate amount. Moreover, the payments to the United States for raw cotton this year have been almost equal to the payments made by the United States for Japanese silk. No wonder official eyes look longingly to Manchukuo as a possible source of cotton."

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The Government's decision to raise money by huge bond issues has caused an uproar in many quarters. A verbal clash occurred between Baron Goh and Minister of War Araki at the annual meeting of the Tokyo Chamber of Commerce dinner held November 24. Baron Goh rather raised the ire of the military clique by stating bluntly that the "enormous increase in the budget total is due to the expense of military operations and various relief measures. An increase in military expenditures is inevitable no doubt due to the Manchuria and Shanghai incidents, but from a purely economic view, military expenses are fundamentally unproductive in nature. As for relief measures, many items are not urgent. Government bonds issued to cover these expenses will remain an obligation for the people in the future. It is even possible that the circulation of inconvertible notes may lead to a financial situation in Japan not unlike that which confronted Germany after the Great War. There is no example in British and American finance of depending entirely on State bonds to balance the budget, as is being done in Japan. This does not mean that I approve of everything British or American in this respect, but the present financial policy of the Japanese Government is a source of serious apprehension."

Baron Goh's remarks were followed by an impassioned outburst by War Minister Araki, who among other things said:

> "Japan is now affected by an alarming confusion of thoughts. Until this state of affairs is remedied, the nation cannot rest on

a sound basis. It is for this reason that we believe we must remedy the situation at any cost.

"I wish to warn you in particular that the rise of industrial development has brought with it a movement within the industrial system itself aimed to overthrow the capitalist system."

As the *Japan Times* Nov. 29 in an editorial pointed out, this is a sensational statement for a man of the high rank of Lieutenant General Araki to make. The *Japan Times* continued:

"Indeed there was a time not long ago when such a forceful and pointed remark would have even been considered as a "dangerous thought." That the man who holds so responsible a position as the War Minister and a member of the Cabinet should speak thus indicates first a very actual realization of social unrest, and secondly the extraordinary flexibility which more than any other characteristic accounts for the survival of Japan throughout 2592 years of its glorious existence.

"There was a time when the army and navy stood for reactionarism. It was thought to be the stronghold of the status quo as far as the social fabric was concerned and thus a bulwark of established institutions including capitalism. But the agitation of discontented proletarians, as expressed through radicalism, instead of leading to a Cossack spirit of severe repression among military men has led to study and inquiry. A clear differentiation was made in their mentality between respect for the Throne on the one hand and respect for the institution of capitalism on the other. Hence the Army, with the Throne at its center, is becoming more and more the champion of social justice in Japan.

The Seyukai leader, Dr. Suzuki, in a recent speech said that while it was true that the public mind has cast off some of its former impatience owing to an improvement in business the conditions among the farming population continued desperate, and consequently the prospects of improvement in the position of small merchants and industrialists are not yet in sight. In short, declared the President of the Seiyukai, although the relief measures urged by his party are being carried on in theory, they are not so carried out as to meet the actual requirements of the day. The party cannot, therefore, but feel greatly dissatisfaction, he said. Referring to the new Budget, Dr. Suzuki said that as the Government has not yet disclosed the details, he must reserve his detailed comment. But he expressed regret that while compiling an unprecedentedly big Budget, the Government had not yet laid down any stable financial programme for the future. If things are allowed to take their own course, national finance will reach a serious deadlock, Dr. Suzuki added.

In the meantime the Japanese Government has decided on the appointment of a special valuation committee for Japanese bonds in foreign currencies. This action is the first step towards compulsory purchase by the Japanese Government of State Loans and other Japanese securities in foreign currencies held in Japan, which are said to total 1,000,000,000 Yen par value.

According to the *Osaka Asahi* the Japanese Government is contemplating exercising control over speculation in the Dairen silver market by drastically increasing the margin required for transactions.

It is also stated that the five largest power companies in Japan, namely, the Tokyo Electric Light, the Nippon Power, the Toho Power, the Daido Power, and the Ujagawa Power, may conduct compulsory purchases of the foreign issues of their debentures, supported by the Japanese Government, in accordance with Article 3 of the Anti-Capital Efflux Act. Foreign loans floated by these power companies amount to approximately Yen 300,000,000 in all, calculated on the basis of the current foreign exchange rates. The yen amount of their interest payments on these loans reaches a heavy sum on account of the slump of the yen, as these companies have to pay the interest in foreign currency and to obtain foreign currency at a low exchange rate.

The average interest rate is 6.2 per cent. but the recent adverse foreign exchange makes it equivalent to 15.5 per cent. In view of the heavy interest burden, these companies have studied measures to cope with the situation.

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Naturally enough, in the circumstances, the Japanese would be quite glad to borrow money abroad. The question, however, is where? The most likely source would be France, but Mr. Matsuoka, in a statement to the press at Geneva recently categorically denied rumors circulated in Paris about unofficial conversations with regard to a French loan or credits to Japan. Mr. Matsuoka explained that while in Paris he received a visit from three French businessmen, whose names he did not remember, who asked for information about conditions in Manchuria because they said they wanted to invest money there. "I, feeling familiar with conditions as a former vice-president of the South Manchuria Railway Company, gave them what information I could." Mr. Matsuoka added: "I do not even know if they were representatives of French banks."

Mr. Matsuoka said he had heard rumors about Japanese seeking a loan, but was unable to verify them.

Despite formal denials, the story persisted in Paris that the Japanese Embassy had informally sounded out the French Foreign Office a month or so ago regarding the possibility of a loan in exchange for a political and military alliance. According to the story, the Japanese proposals involved bringing up to date the Franco-Japanese Treaty of 1907. The story declared that after the French Government declined the Japanese proposals, certain Japanese sought private loans. It is reported they unsuccessfully approached the Bank of Paris and the Low countries during Mr. Matsuoka's visit in Paris. The report said it was understood that Schneider's, the largest French munitions makers, and also De Vandall's, the French steel trust, favor a loan to Japan or Manchuria but so far have been unable to sway the French Government or the bankers.

The real tug of war as regards adjusting Japan's finances will be staged when the Japanese Diet meets at the end of this month, or when it gets down to real business after the New Year. Premier Saito was stated in a recent *Rengo* telegram to be trying to stave off an impending storm when the Diet convenes by carefully taking into account the opinions of the Seiyukai, the Minseito and the House of Peers, through their representatives in the Cabinet, in forming his forthcoming financial policy.

Japan Moves Toward Manchurian Annexation—America Increases Military Strength

UNLESS a miracle occurs in the Manchurian discussions in the League Assembly, which began on Dec. 6, the Sino-Japanese crisis will in all probability be left in the position which it now occupies. Which is another way of saying that nothing constructive will be accomplished as a result of the long debates and diplomatic intrigue which have taken place in Geneva on this important matter of world concern since September, 1931. With the last major Chinese organized resistance in North Manchuria crushed and the Japanese war-lords shouting their "Banzais" all over the Chinese northeastern provinces, it is obvious that Imperial Japan will make no concessions either to China or world sentiment. This fact was conveyed in a *Reuter* message from Tokyo on Dec. 5 which quoted high Tokyo authority as declaring, "Under no circumstances will Japan alter her stand regarding the legality of any steps she has thus far taken, nor will she agree that the League interfere in the question of the future status of Manchukuo, as that concerns only Japan, China and Manchukuo."

The Japanese victory over Gen. Su Ping-wen and the other loyalist Chinese commanders in North Manchuria will also have important repercussions in Japan, in that it probably will enable the Japanese military clique to put over its complete program in the forthcoming session of the Imperial Diet, the most important phase of which is enormous expenditures for increased armament to enable Japan to hold and consolidate her new possessions.

In the meantime the Western world, represented by such nations as United States, Great Britain, France, Italy and Germany are involved in what appears to be an interminable squabble over questions which had their origin in the last World War—debts, reparations, armament. The latest development on these questions was a somewhat pathetic proposal by the American delegate, Norman Davis, that the Powers attempt to get together and make a last-minute attempt to reach an understanding on matters to which they already have agreed and sign a temporary pact before December 15. The selection of this date was significant because that is the time limit for various European nations, including Britain and France, to pay their installments on their debts to the United States. The American people harassed by widespread unemployment and economic distress, apparently have no intention of relieving European nations of their debt obligations, especially in view of the fact that said European nations are now spending more on armament than they did prior to the beginning of the last war. The Soviet Russians, bitter enemies of the present "capitalist-imperialist" system, are in the meantime standing on the sidelines watching the process of European disintegration with undisguised glee. The official *Tass* agency on Dec. 5 broadcasted an editorial from *Pravda*, declaring that the United States was utilizing the war debt issue as a means for bringing pressure to bear on America's imperialist competitors and for the purpose of defeating and breaking up the diplomatic combination of Britain, France and Japan. Concluding, the Soviet organ declared, "The knot of imperialist antagonisms is tightening, especially at the present moment, around the questions of war debts, armament and the Manchurian situation, all of which are inseparably inter-dependent and incapable of isolated solution....the antagonisms of the imperialist world are entering upon a fresh phase of acute intensification."

The official reaction of the United States to this combination of seemingly insoluble problems, has been a demand for increased armament on the part of America itself—a right-about-face from the recent Hoover-Stimson proposal for a thirty percent reduction in all forms of military equipment. Gen. Douglas MacArthur, Chief-of-Staff of the U. S. Army, in his annual report to Congress, recommended an increase in the strength of the standing army from 118,000 to 165,000 and an increase in the number of officers from 12,000 to 14,000. Gen. MacArthur, who has just returned home from an inspection tour of Europe where he paid special attention to conditions in Poland and other states bordering on Russia, declared in his report to Congress, "The tense situation in the Far East has emphasized again the untrustworthiness of treaties as complete safeguards of international peace....this view is supported by the appreciation of the potentialities in the Sino-Japanese conflict for a widespread disaster which has given rise to a feeling of apprehension among portions of our population as to the adequacy of our defence structure." Simultaneously with this announcement by the American Chief-of-Staff was the further significant declaration that the entire United States fleet will be concentrated in Pacific waters until the end of March next year. While the State Department was somewhat exercised as a result of Gen. MacArthur's statement, there is no questioning the fact that intelligent public opinion throughout America will support the views of the military and naval leaders—that the only logical American reply to Japan's present activities in the Far East and the refusal of Europe to co-operate in support of the existing peace machinery, is increased military strength on the part of the United States. In other words it means that the world is rapidly reverting to its previous conception that peace and security from the standpoint of the individual nation rests on armament primarily; that the time has not yet arrived when dependence can be placed on treaties and conferences as a means of preventing conflicts between nations. The responsibility for this situation rests primarily upon Japan as the nation which scrapped the treaties in order to embark upon a campaign of territorial aggrandizement, but other nations which have given Japan secret encouragement in this regard also must share the responsibility.

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Of outstanding interest, aside from the oratorical efforts at Geneva which are of little value

except as propagada, is the obvious fact that Japan is moving inevitably toward the annexation of Manchuria. The *London Times* correspondent in Tokyo on Dec. 1 wired that "if the experiment of a Manchukuo government should break down, Japan would be compelled to annex Manchuria outright, or declare a protectorate." The correspondent stated that Japan would be forced into this position owing to the internal economic situation in Japan and the necessity of protecting her economic rights in Manchuria. The dispatch (*Reuters*, Dec. 1) concluded, "if the League of Nations in Eastern Asia is feeble now, it will flicker out entirely if Japan ceases to be a member." Evidence that Japan is moving in the direction of annexation or outright control is indicated in numerous recent developments. The *United Press* on Dec. 1 in a dispatch from Tokyo stated that the Manchukuo government "shortly will be asked to lower the customs duty imposed upon Japanese cotton-yarn and piece goods; that the Japanese government should extend substantial aid to Manchukuo in the construction of roads and other improvements." Also, on Dec. 1 the Japanese military authorities at Changchun announced the text of new regulations designed to cope with the activities of anti-Manchukuo elements. The new regulations which are quite similar to the so-called "dangerous thoughts" laws in Japan, stipulates that all organizers of anti-Manchukuo movements will be executed; all persons taking part in such movements will be liable to not less than ten years' imprisonment; all persons found guilty of anti-Manchukuo propaganda will be liable to terms of imprisonment of not less than ten years; all found guilty of enrolling foreigners in the ranks of the anti-Manchukuo organizations are liable to the death penalty or not less than ten years' imprisonment; and any person found guilty under the new law is liable to have his property confiscated by the state. Of further interest in the same connection is the enforcement throughout Manchuria of the well-known home Japanese regulations against the taking of photographs in forbidden (military) zones. The enforcement of this regulation on Nov. 1 had an amusing result in that the first victim was George Gorman, correspondent for the London *Daily Telegraph* whose career in the Far East has been marked by intimate connection with the Japanese as editor of their propaganda paper in Peiping and later as contributor to the Japanese propaganda organ in Dairen. Gorman was arrested at Changchun for taking pictures in the neighborhood of the Japanese barracks and was held for several hours before his identity could be established and his release effected. The formal appointment of Gen. Muto, Commander-in-Chief of the Japanese army as "ambassador" to Manchukuo, was announced on Dec. 1. On Dec. 3 the Japanese inaugurated throughout Manchuria a new system known as the "good conduct license" which provides a system of guarantees for every five families. In the event of any of the five families being found guilty of harboring a loyalist or volunteer, all are held responsible. Chinese villagers will be required to produce their "good-conduct" licenses when traveling to places outside their home neighborhoods.

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What is likely to result from the present session of the League Assembly cannot be forecasted at this time. M. Hymans, Belgian, chairman of the so-called Committee of Nineteen, expressed the belief that the discussion would be concluded by Friday, Dec. 9. A private meeting of representatives of eight smaller European states, Czecho-Slovakia, Spain, Norway, Sweden, Denmark, Holland, Belgium and Finland, urged a policy of moderation, it being suggested that the Assembly might possibly restrict its action to an acceptance of the Lytton Report and the passage of a resolution of non-recognition of Manchukuo, "but without stressing the question of violation of the Covenant of the League and other treaties. Dr. W. W. Yen, chief of the Chinese delegation was the first speaker. After calling attention to the fact that the situation had not changed since the Assembly adjourned nine months ago, he called attention to the fact that Japan had neither withdrawn her troops nor abstained from aggravating the situation. In conclusion he demanded a definite declaration on the part of the Assembly that Japan had violated the League Covenant, the Nine-Power Treaty and the Pact of Paris. Mr. Matsuoka, chief of the Japanese delegation, in his address reiterated statements previously made at the meeting of the Council, stressing the Japanese viewpoint regarding disorder and chaotic conditions in China as justification for Japan's activities in Manchuria and at Shanghai. On the day preceding the opening of the Assembly, Dr. V. K. Wellington Koo, member of the Chinese delegation circulated a lengthy statement in further reply to Japan's memorandum in reply to the Lytton Report. Dr. Koo declared that "Japan's underlying idea has been to confront the world with a fait accompli signifying the completion of another phase in Japan's policy of domination and conquest in the Far East." He stated that the interests of China, as the territorial sovereign of the three eastern provinces and the victim of Japanese aggression, cannot be disregarded; that the maintenance and recognition of the present regime in Manchuria is entirely unacceptable to China and the dissolution of Manchukuo is an indispensible condition to any satisfactory solution; that it is an essential condition that no premium should be placed on aggression, but that the victim of aggression should be accorded full reparation. He declared that actual conditions in Manchuria are appalling and the people are being subjected by the Japanese to a reign of terror, which includes press censorship, wholesale arrests, reckless bombardment of villages and ruthless killing of civilians.

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If anything constructive develops from the present meeting of the Assembly it will be due entirely to the activities of the smaller nations of Europe and South America which are in a weak international position somewhat similar to the present status of China. This explains why the smaller nations are interested in the present Manchurian question because they hope that something will be done that will have the effect of strengthening existing peace machinery to the end that future aggressive moves on the part of the larger and militarily stronger powers will be

effectively curbed. The Irish delegate, Mr. Conolly, stressed this point at the meeting on Dec. 6 when he declared, "I have realized that the League has, within its constitution, a tremendous power for world peace, but only if it is prepared to stand definitely and courageously behind the covenant and its own decisions....If it falters or hesitates, fearing its acts may offend, then it will not survive and will not deserve to survive.... The Irish Free State is entirely opposed to the idea of imperial expansion or exploitation of peoples....I feel that the Assembly should definitely accept the Lytton Report and I have no hesitation in accepting it on behalf of my Government ....As far as the Irish Free State is concerned, we intend to follow the advice of the Lytton Commission by refusing to recognize the state established under conditions which have operated in Manchuria....Having definitely made this decision, we are willing to lend what aid we can in trying to find a solution on the basis of the Lytton Report." There is no questioning the fact that this declaration by the Irish delegate will receive the support of the representatives of the smaller nations represented in the League, for obvious reasons. But it remains to be seen whether the larger nations, meaning France and Britain, will take a similar attitude. To the present the League has served largely as the tool of larger powers who used its machinery for selfish purposes, which is one of the chief reasons the United States never has formally joined the organization, although co-operating on occasion in some of its activities. Should the League now take constructive action on the present issue, it would not only pave the way to a restoration of world confidence, but also might facilitate America's official association with the League in its future activities.

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Several weeks ago when H. G. W. Woodhead, local British journalist and columnist employed on the *Shanghai Evening Post*, made a trip to Manchuria, we forecasted that his articles in *The Post* probably would be reprinted in pamphlet form for worldwide distribution. Our forecast has come true—100 percent true—for we have just received in the mail a copy of a well-printed pamphlet of 100 pages entitled, "Current Comment on Events in China—The Sino-Japanese Crisis." At the bottom of the front cover, directly under Mr. Woodhead's name, appears the phrase, "COMPLIMENTS OF THE SOUTH MANCHURIA RAILWAY COMPANY." It is unnecessary to explain to readers of *The Review* that the South Manchuria Railway, property of the Imperial Japanese Government, has for many years served as the "spear-head" of Japanese economic and military penetration in China's northern provinces. The present Japanese military conquest of Manchuria is in a sense the culmination of the economic penetration which has been conducted by this railway. That the management of the S. M. R. has seen fit to publish and distribute Mr. Woodhead's articles in pamphlet form is a more or less definite indication of similarity of views on the Manchurian issue held by the S. M. R. management and this British journalist whom the Chinese for long have labelled as "die-hard."

General Su Ping-wen Flees to Soviet Russia

JAPANESE ruthlessness and military efficiency have once more triumphed, probably in the most spectacular manner that has fallen to their lot since the fateful night of September 18 when the Nipponese hordes took possession of Mukden. General Su Ping-wen, who like his brother general, Ma Chan-san, got tired of Japanese dictation and revolted several months ago, and who took up a strong position west of the Hingan mountains, incidentally keeping several hundred Japanese as hostages, suddenly at the beginning of this week gave up the struggle and fled with his army to Soviet Russia, and, suprising to relate without putting into execution a possible master stroke, namely the blowing up of the tunnel under the Hingan range, which would have shut off railway travel and made it incumbent upon the Japanese to cross over the range in the midst of winter. But General Su's flight was too precipitate to allow him time to blow up the tunnel and thus the Japanese, after the first onslaught, became easy masters of the situation. A Peiping dispatch in the *China Times* relates that before the Japanese offensive started, a large number of Japanese troops in motor lorries stole into Kannan, at the rear of General Su's forces. It was this detachment which captured Chalantun when fighting was still in progress at the front. With Chalantun in the hands of the enemy, the Chinese front-line collapsed and a general retreat was therefore ordered.

Although not mentioned in the telegrams, Gen. Su Ping-wen's decision not to continue resistance may have been due largely to the recent Japanese action in air-bombing Hailar and other towns along the C. E. R. in the rear of Gen. Su's lines. Since the weather in this area is now bitter cold with the thermometer ranging to thirty and forty degrees below zero, the destruction of these towns at this time would mean that most of the population would perish, due to impossibility of reconstructing the houses before spring. Gen. Su stated in one of his telegrams that his sudden retreat was partly due to his desire to prevent the destruction of Manchouli.

General Su, having fled to Soviet territory, it is only natural to find that the Soviet *Tass* news agency has given the best account of the incident. According to a telegram from Chita, the Chinese commandant at Manchuli station made a demand to the stationmaster for trains to transport Su Ping-wen's troops to Soviet territory. The demand was refused, and the commandant thereupon declared that he would despatch trains into Soviet territory by armed force. Chinese soldiers, commanded by their officers, thereupon broke the locks of the sidings and despatched trains in complete disregard of the railway regulations. Among those who have evacuated to Soviet territory are groups of Chinese civil servants and their families. The fleeing Chinese soldiers succeeded by their forceful methods in penetrating into Soviet territory beyond Siding 88. In addition to the train loads many entered Soviet territory on foot. All Chinese soldiers, their officers and the military staffs entering the territory of the Soviet were disarmed and interned, so the despatch stated, about 3,000 in all.

On the morning of December 5 a train consisting of 43 cars was run through forcibly into Soviet territory from Manchuli station. It was found that in the train, among others, were General Su Ping-wen and his entire staff. General Su did not carry out his threat of killing his Japanese hostages; instead he arranged for them to accompany him in his flight. The Soviet authorities are sending the Japanese to Matsievskaya station. From there they will be permitted to proceed either to Manchuria or to Japan, according to their wishes. Colonel Komatsubara, chairman of the Japanese mission at Matsievskaya, has secured permission from the Soviet authorities to proceed to Siding 86 and thence to Manchuli to arrange matters in this connection.

The Japanese are demanding that General Su Ping-wen and his soldiers shall be turned over to them on the score that they entered Soviet territory armed.

Peiping Chinese newspapers state that Generals Su Ping-wen and Chang Tien-chu on December 4 sent telegrams to the National Government and Marshal Chang Hsueh-liang requesting the Chinese authorities to make arrangements with the Soviet Government to supply steamers so that the party could withdraw to Shanghai via Vladivostok.

A Japanese message from Mientuho (west of Hingan mountains) on December 5 stated that Su Ping-wen and Chang Tien-chu with a force of 15,000 were at that time making a disorderly retreat towards the Soviet border.

The Shanghai Chinese newspaper *Sin Wen Pao* in an editorial entitled "The Fall of Manchuli" admits that the general retreat of General Su Ping-wen's troops to Soviet territory was unexpected. Although General Su claimed in his circular telegram that about half his troops have been killed and wounded, the Japanese reports state that in their drive they only encountered resistance at Chalantun, where it lasted for about two hours. Earlier reports stated that General Su had erected strong defences at Nientzeshan, Halasu and along the Hsing An Range, but the *Sin Wen Pao* said it had heard of no fighting in that sector. A *Reuter* despatch from Harbin stated that the Japanese advance Dec. 23 met with no resistance. General Su claims that he had no support and his ammunition had run short. But before the fighting started General Su and General Ma Chan-shan, as well as several other Chinese leaders, held several meetings and were supposed to take joint action against the Japanese. But when the fighting began General Su's troops found they were facing the enemy alone. The *Sin Wen Pao* says it is difficult to understand exactly what understanding was reached between Ma and Su at their meetings some time ago.

Japanese Vanguard Enters Manchuli

The vanguard of the Japanese army entered Manchuli, near the Sino-Russian frontier, at noon Dec. 6. With their occupation of the border town, the western section of the Chinese Eastern Railway, which runs from Harbin to the Russian frontier, a distance of 580 miles, is completely in the hands of the Japanese and Manchukuo authorities.

Tokyo Reports That General Ma Has Fled

Reports that the drive which has swept General Su Ping-wen's forces out of Manchuria has also disposed of General Ma Chan-shan, are contained in a Tokyo message. General Ma Chan-shan is said to have crossed the frontier with his ally, General Su Pin-wen.

General Ma Chan-shan went into Soviet territory in the disguise of a coolie and was accompanied by two servants, according to these reports, which stated that on November 29 he applied to the Soviet Consulate at Manchuli for a passport, registering himself as a merchant. Further reports state that General Ma Chan-shan is planning to proceed to Peiping via Chinese Turkestan.

On the other hand Chinese telegrams state that General Ma Chan-shan will succeed General Su Ping-wen as commander of the anti-Manchukuo forces in Heilungkiang for operations against the Japanese troops.

Incidentally the reports of General Ma Chan-shan's flight have resuscitated him in the eyes of the Japanese, who had all along been informed that he had been killed in battle. The end of his adventure against the Japanese brings to a culmination a series of events in which his name has been prominent.

Defeated by the Japanese last year in the famous battle near the Nonni River railway bridge, he later joined the Manchukuo Government as Minister for War, having professed penitence for his "former error." Then, after occupying this post for several months, he vanished and, according to report, his departure was coincident with the depletion of the Manchukuo treasury. Later he sent a lengthy telegram to the Lytton Commission denouncing the Japanese and, by opposing them with some 40,000 troops, has been in recent months one of the biggest thorns in their side.

General Ma in a recent message to Peiping said that there were still more than 20,000 of General Su's men who are now still engaging the Japanese troops in the eastern part of Bukhedu, and that he would, in cooperation with General Chang Yu-ting, direct these forces to continue their operations against the invaders.

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The Former Battle Front in North-west Manchuria

Details of a conference between General Ma Chan-shan, Chairman of the Heilungkiang Provincial Government, and General Su Ping-wen, Commander-in-Chief of the Heilungkiang National Salvation Army, were related by a courier who recently arrived from Taneino. After the conference, General Su returned to Hailar; General Ma went back to Nunkiang two days later. With regard to the military situation in Heilungkiang, the courier asserted that 10,000 men under Gen. Chang Yu-ting are on the C.E.R. front. The weather there is so cold that the rifles often failed to function. The Chinese are therefore using long spears which have proved to be very effective. The Japanese were maintaining their defence lines at Fu archi, with Lieut-General Matsuki, Commander of the 14th Japanese Division, stationed at Angangchi. The eastern route army under General Po Ping-san was concentrating at Noho while those units under Generals Teng Wen, Nan Ting-fang and Hsu Tzu-hao, along the Tsitsihar-Keshan Railway, were planning to counter-attack the Japanese. 12,000 men under General Tsai Hung-yu were active in the vicinity of Suihua and Hailun along the Hulun-Hailun Railway, the courier stated.

Chalantun Occupied by Japanese

The main body of the Japanese force operating against General Su Ping-wen occupied Chalanun December 2. The Japanese drive towards the Hingan mountains was maintained. Street fighting occurred in Chalantun before the city was occupied. According to unofficial reports, Japanese aircraft participated in the pursuit of the retreating Volunteers who fled westwards into the mountains.

The Japanese force numbered between 15,000 and 20,000. The main attack opened at Fuliardi, which is a town on the Chinese Eastern Railway 176 miles west of Harbin. The Railway from Fuliardi runs to the northwestward and the Japanese moved along the railway, while other forces proceeded to the north of the railway,

Some detachments of cavalry and infantry in motors made a rapid sweeping movement over the frozen snow-covered plains to the north of the railway via Kannan, a town about 70 miles north of Fuliardi. They thus surprised the forces of General Chang Tien-chu, a subordinate of Gen. Su Ping-wen, in the rear, facilitating the advance of the main infantry body. The temperature in these regions is far below zero, Fahrenheit, and the extreme cold is intensifying the hardships of both sides, but at the same time the frost-bound ground assists the Japanese in their rapid advance.

Japanese reports asserted that four of the eight Japanese who went into the interior of Heilungkiang for exploration purposes were killed by soldiers belonging to General Su's army.

Chinese Allege Japanese Use Planes with Soviet Insignia

The Chinese Legation at Washington, Dec. 1, published a statement accusing the Japanese of using airplanes bearing Soviet insignia to carry food and clothing to their nationals who are held prisoners by General Su Ping-wen. While the planes were ostensibly used for provisioning, they were actually carrying spies who were reporting on the strength of General Su's forces, the Legation said.

"Volunteers" Prey on Populace, Japanese Claim

A Japanese telegram from Tientsin stated that Chang Hsueh-liang at the recent military conference which was held at Peiping discussed matters in connection with Jehol province and also the problem of the Chinese volunteer corps.

The following radio message which was sent to Chang Hsueh-liang a few days ago explains the actual situation

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of the Chinese volunteer corps in the Jehol region:—"The Chinese volunteer corps although they are believed to be government troops were never entitled to this name as they have always been a source of trouble to the local Chinese. Looting, robbing and acts of violence are everyday occurrences and the Chinese people in every village where they are stationed look upon them as enemies. Not only these, but the various small units of the Chinese Volunteer Corps are always fighting among themselves, and the arms and munitions given them by the government instead of being used against the enemy are simply used to kill their fellow comrades. The conditions of the people of Jehol are so pitiful as to be almost indescribable. Furthermore, the strength of these Chinese Volunteer corps has been very much exaggerated, e.g, a unit which was formerly believed to consist two to three thousand men was found to be only one-tenth of the above number.

Rabid Laws to Check Anti-Manchukuo Movements

The authorities at Changchun have issued to the police in all territories controlled by Manchukuo the text of a new law designed to cope with the activities of anti-Manchukuo elements. This new order stipulates that all organizers of anti-Manchukuo movements will be executed. All persons taking part in the activities of such organizations are liable to not less than 10 years' imprisonment. Persons found guilty of conducting anti-Manchukuo propaganda are liable to terms of imprisonment not less than ten years. Those found enrolling foreigners in organizations are liable to the death sentence or not less than 10 years' imprisonment. Any person found guilty under the new law is liable to have his property confiscated by the state.

Japanese Army Aviator Shot at Mukden—Crashes and Dies

Lieutenant Hiroshi Kaechi, flyer of the Japanese Mukden Air Corps, was shot in the right thigh by Chinese Volunteers Nov. 24 while he was scouting above Mapaotzu, about 10 miles southwest of Mukden. The pilot, in spite of his injury, managed to fly as far as the Mukden Western air field, his base, but his energy had given out when his plane reached that spot. The craft crashed to the ground, killing him.

Government Troops Envelop "Reds" in Shensi

A recent Nanking message stated that the remnant "Reds" under Hsu Hsiang-chien and Ho Lung, who have been enveloped by the Honan, Hupeh and Shensi troops in south-eastern Shensi, are expected to be wiped out shortly, Surrounded by the Government forces, the brigands have suffered several crushing defeats, This, together with the fact that their food supply is cut off, has proclaimed the doom of the outlaws, the message stated.

Withdrawal of Shantung Troops Continues

Withdrawal of all units of the 21st Division under General Liu Chen-nien from Shantung will be completed by December 15, a recent Tsinan message stated. After the departure of General Liu's units, General Han Fu-chu, Chairman of the Shantung Provincial Government and concurrently Commander of ths 3ad Route Army, will assign the 29th Division under General Tsao Fu-lin to fill the vacated posts in eastern Shantung.

A War Tragedy on the Upper Yangtsze

When the small Chinese-owned up-river steamer named the *Wanan* arrived at Hankow from the Upper Yangtsze December 2, the officers reported that the steamer, which was carrying troops, serving under the Szechuan general, Liu Hsiang, was attacked by rival troops with machine-guns near Chungking, riddling the vessel from end to end and sweeping her crowded decks with a hail of bullets. The captain with the assistance of unwounded members of the crew made off for Hankow as speedily as possible and did not stop on the way. Two hundred dead bodies were found on board.

Bomb Outrage at Peiping

The Flower Street outside the Hatamen gate at Peiping was the scene of a bomb outrage on the evening of Nov. 28 in which two Chinese were slightly injured. The missile landed on the door-step of the shop and created a loud explosion, starting at once a stampede of the people in the neighborhood. The bomb was wrapped in a piece of paper on which were written such inscriptions as "Traitorous merchants do not know the sorrow of a man without a country," and "Even though they be cut by myriad swords, chey are still guilty."

All Is Forgiven!

To the Editor, *China Weekly Review*:—Sometime ago you published in your valuable paper several articles about Macao, criticizing the Portuguese authorities and I was one of the persons that wrote against those articles which we thought were lies.

I was at that time in Shanghai, but now I am in Macao because I could not agree with the Shanghai climate.

Since my arrival in Macao, I found out that many of the criticisms which appeared in your articles were quite right, and now I am writing this letter to offer my services as your Macao correspondent. I have much interesting news for your readers. CORRESPONDENT.

Macao, Dec. 2, 1932.

EDITOR'S NOTE—The articles referred to by the foregoing correspondent, were written by a Portuguese and appeared in *The Review* several years ago. Several persons in Shanghai offered strong objection to the allegations in the articles pertaining to gambling and the dope trade at Macao and if we remember correctly one anonymous correspondent challenged us to a duel, but since he failed to give his name or mention the place or type of weapons, we had to pass up the opportunity.

"Old Nationalists" Celebrate Anniversary in Shanghai

Quite a commotion was caused in Nanking Road, Shanghai, on the afternoon of Dec. 3 when several hundred youths belonging to the Old Nationalist Party attempted to celebrate the ninth anniversary of the formation of their party.

Two old Chinese five-color flags were displayed and handbills of a "spicy" nature were distributed and flung from the roof-top of the Wing On and Sincere buildings.

Some of the youths gathered at the Jih Shen Restaurant and the Yih Lo Fang Tea House on Nanking Road and with a fire-cracker as their signal, commenced throwing down handbills from the roof gardens, some of them reading, "Down with the Government." Others thronged the street shouting slogans and distributing more handbills. Police appeared on the scene, whereupon the youths scattered.

Students in Shansi Go on Rampage

Students at the First Normal School at Taiyuanfu went on a rampage week before last for the purpose of forcing the Commissioner to dismiss the principal of the school, Huang Lu-chuan. They besieged the yamen of the Provincial Commissioner and as a result the Commissioner had to seek new quarters for his staff, as the students took possession of all the offices of the yamen, thus rendering work for the employees impossible. In the meantime, the provincial government is taking a firm line. In an instruction to the Commissioner of Education, the Government says that the principal cannot be dismissed on the allegations of the students alone.

Students in Tsinan Return to Classes

With the exception of those of the Higher Middle School, all the students in the seven middle schools in Tsinan, who went on strike as a protest against the system of joint examinations instituted by the Commissioner of Education, Ho Shih-yuan, returned to their classes Dec. 2. This came as the result of an order issued by General Han Fu-chu, Chairman of the Shantung Government, that any student failing to report for class work would be liable to dismissal.

Proposed Revisions in Japanese Tariff

Revisions in the Japanese tariff in order to cope with the fall of the yen, are being discussed by a special committee in Tokyo composed of representatives from the various Ministries so that a bill may be presented at the coming session of the Imperial Diet.

The specific duty of 35 per cent plus 10 per cent surtax it is believed will be retained, except such articles as nickel, aluminium, raw films, pulp, artificial silk, cotton thread, and a few chemicals.

The most noteworthy fact is that the so-called "Luxury Duty" of 100 per cent is to be abolished in order to conform to the change of conditions, and the ordinary tariff used instead.

"Honesty Is Best Policy"

BY HOH CHIH-HSIANG

THE creation of a modern state in China demands among other important factors, first and foremost, the existence of an efficient and honest administration and as a necessary corollary to that, a thorough and fundamental revision of attitudes towards state service on the part of China's political workers. The achievement of this great object is predicated upon two essential elements: the strict application of the principle of selection and appointment of government officials based upon personal merits in both competence and character and the rigid enforcement of law in the suppression of evil practices of nepotism and corruption. To elevate the political morality in China as conductive to the formation of an honest administration, the anachronistic view of government offices as spoils and chances for personal enrichment and graft must be ruthlessly suppressed and displaced by a new and more enlightened recognition as public trusts confided and awarded to the capable and upright to serve the state and not to exploit it. Judging by these standards, it seems that the efforts of the National Government in this respect during the past six years have met with only little success, if not utter failure. Despite the existence of the Republic for more than two decades, China is as yet in a transitional stage, inheriting many evils from the past, while only slowly absorbing the enlightened political ideals of the new age. The successive Revolutions which China has experienced since the overthrow of the Manchu Regime have merely rippled the surface of things, resulting only in superficial changes in name and form, but failing to effect any reforms in fundamentals. The minds and attitudes of the people, in so far as political morality and ethics are concerned, have instead of being uplifted but on the contrary become more depraved than before which greatly hinders the advancement of China into the road of clean politics.

These thoughts are inspired by a long series of cases of flagrant violations of duties of offices and corruptions on the part of the government officials which feature China's internal politics this year and particularly in recent months. The situation has now grown to such odious and disgusting extent that has virtually created an internal crisis. Unless stern measures are immediately taken to check the prevalence of these evil practices, it seems that the reputation of the Government would be inescapably compromised. Needless to say, as it is impossible to deny that official corruption as a malicious germ has permeated the whole Chinese political structure in both the Central and local administrations and also the party organizations. Instances of illegal practices are too numerous to be multiplied, but it is not necessary to particularise. Suffice it to say that there have been cases of officials found guilty of embezzlement, misappropriation, smuggling poisonous drugs, accepting bribes, trafficing in government offices and sundry other carruptive practices which are repugnant to the principles of good government. Two latest cases still pending settlement wherein a high government official and supervisor of China's largest shipping concern is alleged to have accepted a bribe running to six figures and a Commissioner of Public Safety in a Northern Port found guilty of misappropriation of no less than $600,000 of public funds are the most glaring of all and serve sufficiently to indicate the magnitude and seriousness of this evil in Chinese politics. While it is undeniable that China is now facing one of the gravest crises externally in her long history owing to the Japanese invasion of Manchuria, the prevalence of official corruption constitutes a still more serious crisis within which is literally rotting the core of good Government in China and makes the creation of a modern state an utter impossibility.

Perhaps none realize the dangers and gravity of this crisis more keenly than two of China's present most important leaders, Mr. Wang Ching-wei and Gen. Chiang Kai-shek. Prior to his recent departure from China, Mr. Wang in an interview with a foreign correspondent at Shanghai expressed the opinion that the evil of political dishonesty in China constitutes a greater enemy than the present invasion of Manchuria by Japan and that unless this evil is ruthlessly extirpated, there can be no salvation of China from within. Being a military man, Gen. Chiang has approached this problem more realistically and has taken drastic measures for its suppression. During his recent stay at Hankow in the course of his communists-suppression expeditions, he launched an extensive campaign against the corrupt officials in Hupeh and meted out severe sentences, including death penalty, to a large number of them found guilty of violation of duties of offices. However, most deplorably to say, the evil has become so wide-spread and deep-rooted that isolated measures for its suppression have been of no avail to check its prevalence. The situation demands a thorough nation-wide house-cleaning before the sorrid state of affairs can hope to be uplifted and ways paved for the improvement of the political administration.

In connection with this subject, it seems appropriate to pay a tribute to the memory of the late leader Dr. Sun Yat-sen for his noble work and quixotic efforts in trying to revolutionize China's political system and build in China a modern state with a sound government. Perhaps few realise, but none of his true followers can deny that one of the principal enemies against which Dr. Sun struggled for forty years was the corrupt administration of the Manchu madarinate. With unusual farsightedness and self-less devotion, Dr. Sun dedicated his life against this evil and introduced the republican form of government in China to replace mal-administration and mis-rule of an alien despotic family-group. In order to extirpate all the evils inherent in the old system of Mandarinate with its ignorance, inefficiency, and corruption and to bring about a fundamental political reform, Dr. Sun provided two safeguards against its rise in the Republican era. First, he insisted on a change of scene—the removal of the Capital to Nanking, because he believed that Peking, having treasured the evil traditions and corruptive customs for nearly three centuries, was unfit to be the center of politics of a regenerated China. Secondly, through his ingenuity and originality of thought, Dr. Sun evolved a new and unprecedented system of Government in the form of Five-Power Constitution. In addition to the generally-recognized and practised system of Government in the West, dividing it into administrative, legislative and judicial departments, Dr. Sun added two new organs, the Examination and Supervision. It is here the nation's gratitude is due to the late Leader for his conscientious efforts to lay the foundations of an efficient and honest administration for China. The creation of the Examination department in the Government is designed to achieve the first purpose—efficiency, which implies the elimination of the practice of nepotism and appointment of officials based upon personal competence thorough the means of open public competitive examination. The function of the Supervision organ, now officially known as Control Yuan, is to oversee the conduct of the officials in the course of executing their duties and insure honesty and integrity in the administration, in other words, to check official corruption. With the addition of these two new organs, Dr. Sun hoped and envisaged that China's political system would be fundamentally revolutionized and the creation of a modern state with efficient and honest men in public service would become a reality. For the realization of this noble aspiration, Dr. Sun passed through many trials and tribulations and on many occasions even risked his life. Contrary to the generally mistaken conception of his character, Dr. Sun was no mere idealist, but a highly practical statesman. Not only he preached, but personally practised his ideals. In the matter of personal integrity, efficiency and devotion to work, Dr. Sun had set a most noble and brilliant example to his followers. During his long political career, he never once capitalized his opportunities for personal enrichment or aggrandizement, but had incessantly struggled for the welfare of the people. He had never enjoyed at the expense of the public but patiently toiled and suffered with only one gratification that he was serving his country but not himself. No better and more eloquent testimony of the disinterestedness of the great departed Leader can be offered than the fact that he died almost a penniless man, leaving nothing but a moderate-sized house in Shanghai and a good collection of books. It is this noble personality and the sterling qualities of his character that have made Dr. Sun a true great man in China and imposed respect on every body, whether or not one belongs to the party which he founded. In view of the

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The Four Volunteer Leaders Who Long Held Out Against the Japanese

In view of the general interest of the world in the activities of the Chinese volunteer corps in Manchuria and the recent dispatch of a telegraphic appeal to the United States by fifteen commanders of these forces, we give herewith a detailed account of the colorful careers of the four best known leaders among them in the person of Generals Ma Chan-shan. Su Ping-wen, Li Tu and Ting Chao in the following paragraphs:

The distinction of being the first military leader in Manchuria to put up a strong and organised armed resistance against the Japanese invaders undoubtedly goes to the hero of the Nonni River fame, Gen. Ma Chan-shan whose death has lately been fabricated by the Japanese a dozen times, but who is still much alive, directing his Anti-Japanese drive. A native of Hwaitch district of Liaoning Province, Gen. Ma is now in his prime, being only 45 years of age this year. After having received his preliminary education at home he entered the Army service at age of twenty and first served in the Second Cavalry Brigade of the Fengtien Army. For meritorious services in bandit suppression, he was successively promoted from company commander to regimental command. In 1927, he was transferred to the Heilungkiang Army under the late Gen. Wu Chun-sen who was killed during the train wreck with the late Gen. Chang Tso-lin in 1928. While in service in Heilungkiang, he distinguished himself in suppressing the most ferocious robber bands in that province, the White Wolf and other Mongolian brigands and was soon promoted a brigade commander. In 1929, he was appointed concurrently Garrison Commander of Heiho district on the Sino-Russian Border of Heilungkiang. When the Japanese invasion of Manchuria started last year, he was entrusted with the defense of Heilungkiang and was soon promoted Chairman of the Heilungkiang Provincial Government. In November 1931, when the Japanese launched a drive on Heilungkiang after their failure in inducing him to surrender by persuasion, Gen. Ma defended the province againt the invaders and fought a bloody battle on the frozen banks of the Nonni River which raised him to world renown. Unfortuately, because of the lack of supply of ammunitions and of re-enforcements, Gen. Ma was compelled to retreat to avoid the collapse of his army. Following the capture of Tsistihar by the Japanese on Nov. 18, 1931, he swiftly transferred the Heilungkiang Provincial Government to Hailun, a rich border town in northern Heliungkiang. While he was thus establishing himself at Hailun, Gen. Ma was daily overwhelmed with furious offensives by the Japanese forces operating along the Tsitsihar-Keshan railway and he held his defense under tremendous odds. Seeing that force would be of no avail to subjugate this indomitable general, the Japanese again resorted to the subtle methods of persuasion and bribery. Realizing his shortage of funds and ammunition and in order to learn the secrets of the Japanese intriguers and their Chinese cohorts, Gen. Ma ostensibly permitted himself to be influenced by the Japanese persuasions and gracefully joined the rank of the invaders. He shook hands with his erstwhile enemy, Gen. Tamon and apologised for "causing him inconvenience", thereby completely disarming the Japanese suspicion. After establishment of the puppet "Manchukuo," he accepted the post of Minister of War in the Cabinet but carefully preserved his hold on Heilungkiang as Chairman of the Provincial Government. Finally, he succeeded in returning to the scene of his former power in Tsitsihar and adroitly went about his preparations for double-crossing the Japanese. After realizing a huge sum of funds and a large amount of military supplies from the Japanese, Gen. Ma swiftly but ingeniously carred out a *coup d'etat*, openly departing Tsitsihar under the pretext of an inspection tour. He went for straight to Hailun where he declared his opposition against Manchukuo and its Japanese creators at the very moment when the Lytton Inquiry Commission entered Manchuria to conduct its investigation. His famous five-thousand worded telegram to the world broadcasted from Chinese Consulate on the Russian border denouncing the Japanese constituted a thunderbolt to the enemy invaders and a surprise to the world. Since that time, he has been campaiging against the Japanese aggressors and fought many bloody battles. Time and again, he was reported killed in action by the Japanese but to belie these rumors, he is as much alive and energetic as before, opposing the Japanese forces.

Gen. Ma Chan-shan

General Su Ping-wen, whose spectacular rise to fame by his recent *coup d'etat* against the bogus Manchukuo and the wholesale arrest and incarceration of Japanese officials and residents in Hailar region and against whom the Japanese military launched a successful offensive after the failure of persuasion, bribery and intimidation for the release of their captives, has a distinguished record in the Chinese Army service. His remarkable courage and able generalship have achieved for him a nation-wide renown throughout China. He is numbered as one of few Chinese military leaders who have had extensive experience in dealing with frontier defense affairs and a most uncompromising enemy of the Japanese invaders. Born at Hsin-min district, which place figured prominently during the early days of Japanese occupation of Manchuria, he is now 41 years of age. Following his graduation from the Paotingfu Military Officers' College he joined the revolutionary movement and assisted in the overthrow of the Manchu Dynasty for which he won successive promotions in the Army. When China declared war on Germany in 1918, Gen. Su was then serving as a battalion commander and was charged with the operations between Vladivostok and Shunchengtse. In recognition of the service, he was awarded decorations by governments of many countries. In the space of few years, he was successively promoted commander of the 85th regiment, Commander of the 6th Brigade and Commander of 17th Division of the Fengtien Army. In 1929, he was appointed Chief-of-Staff with the rank of Major-General to the Headquarters of the Govenor of Heilungkiang (then Wang Fu-lin) and

Gen. Su Ping-wen

concurrently Director of the Frontier Defense Bureau and concurrently member of Heilungkiang Provincial Government. During the Sino-Russian War in 1929, he participated in the operations and for meritorious service, was awarded a decoration by the National Government. After the death of Gen Liang Chung-cha who was captured by the Russians, he was appointed Governor General of Hailar Region and commander of the Chinese Eastern Railway Defense Army, concurrently holding the post as Commander of the 15th Brigade, at the time of the outbreak of the Manchurian invasion by the Japanese.

Gen. Ting may be rightly called the scholar-general among the commanders of Chinese volunteer armies in the Three Eastern Provinces. Born at Hsin-lin district, Liaoning province, in 1882, General Ting received a solid Chinese classical education during his youth and had quite a scholastic career under the Ching Dynasty. Disgusted with the then prevaling state of affairs in China under the decadent Manchu regime, Gen. Ting deserted the pen and sought to deliver China by resorting to the sword. Following the tide of the times. he went to Japan where he underwent a thorough military training at the Japanese Military Officers' College at Tokyo, graduating in 1911 on the very eve of the Chinese Revolution. After his return, his ability immediately won recognition and he was appointed to a post at the munitions dump of the Three Eastern Provinces. Upon establishment of the Republic in 1912, Gen. Ting was appointed Chief Adjutant in the Headquarters of the Military Governor of "Kirin" province with the rank of colonel in the army. In 1913, he was transferred to a post in the Mukden Arsenal and two years later, became director of the branch Arsenal at Chinchow. In 1916, he was promoted to be Director-General of the Mukden Arsenal which post he held until 1918 when he was appointed Director-General of the Military Stations of the Headquarters of the Commander-in-chief of the Three Eastern Provinces. The following year, he became the chief councillor of the Headquarters of the Infantry Forces at Peking. In the same year, he was again transferred back to the Three Eastern Provinces and was appointed Chief of Staff to the Military-Governor of the Heilungkiang Province and concurrently director of the National Frontier Defense Bureau, the first Government organization established. In June 1920, he was appointed to two more concurrent posts, Commander of the Railway Defense Guards between Manchuoli and Harbin and Commander-in-chief of the Martial Law Forces of Manchuli, in which capacities he disarmed the forces of the well-known "White" Russian Military leader, Semenoff, for which service he was conferred the rank of Lieutenant-General in the Chinese Army. Immediately following this task Gen. Ting was commissioned to proceed to Mongolia to induce the Mongolians to cancel their declaration of independence from China in which he was eminently successful and was awarded a second class Tiger Gold Medal by the Ministry of War. After this Mission, he was again transferred to Kirin province in 1921, when he was appointed Chief of Staff to the Military Governor of the Province. In the following year, he was appointed Commander of the Rear Defense Forces of the late General Chang Tso-lin's Army. In the same year, he was shifted to Yenchi as Defense Commissioner of the district and concurrently Commander of the 13th Brigade of the Fengtien Army. In 1924, he was promoted Defense Commissioner of Kirin and Changchun and concurrently Commander of the 8th Brigade. In 1926, he was appointed Defense Commissioner of Harbin District and concurrently Commander of the 10th Brigade and of the Railway Defense Guards. In 1928, he was promoted to the rank of Major-General. During the Sino-Russian War in 1929, he served as Field-Commander of the Advance Guards of the Northeastern Frontier Defense Forces and rendered distinguished services for which he was again decorated by the Government. When the Japanese started their invasion of Manchuria in 1931, he held all the above posts and concurrently assumed command of the Railway Defense Force. His forces are now operating conjointly with those of Gen. Li Tu against the Japanese with Headquarters in Eastern Kirin.

Gen. Ting Chao

Closely associating with Gen. Ting and somewhat resembling his career is Gen. Li Tu, now Commander-in-chief of the Kirin Self-Defense Forces. Gen. Li likewise hailed from Liaoning Province, a native of Yi-hsien district and two years Gen. Ting's senior in age. While little is known of his boyhood days he started his career as an army scribe in the Ching Dynasty and was for a time a quarter-master. Realizing the insufficiency of his army training, he enrolled at the Fengtien Military Academy and was graduated in 1906. Following graduation, he became the chief instructor of an army corps in the Three Eastern Provinces. During the last days of the Manchu Dynasty and the early years of the Republic, he served in various capacities in the different Armies in the Three Eastern Provinces. In 1917, he was commissioned to prosecute a campaign against a Mongolian bandit force and succeeded in its suppression. In 1919, he was appointed a battalion commander in the Fengtien Army and the following year became councillor, to the Headquarters of the Fengtien Infantry Forces. In 1920, he was appointed chief-of-staff to the Defense Commissioner of Kirin and Changchun area. In 1922, he was made vice-director and later acting director of the Kirin Arsenal Concurrently, he served as Commander of 56th Regiment. In 1923, he was appointed Commander of the Garrison Forces of Kirin and in the following year concurently, Commander of the Martial Law Forces of Changchun. In 1925, he became Commander of the 10th Brigade of the Fengtien Infantry Force and was promoted in the following year Defense Commissioner of Ilan district and concurrently Commander of 24th Independent Brigade of the Fengtien Army. During the Sino-Russian War in 1929, he was Field-Commander of the Chinese Forces operating along the valleys of the Sungari River. For the distinguished services the rendered in connection with this operation the was promoted to the rank of Major-General. After the outbreak of the Manchurian invasion by the Japanese, he was proclaimed Commander-in-chief of the Self-Defense Forces of Kirin Province in opposition to the Japaness aggression.

General Li Tu

A New Japanese Rear Admiral in Shanghai

T. Sugisaka, commander of the Japanese landing party in Shanghai, has been made a Rear Admiral, having been promoted from the rank of Captain. His flag was hoisted at the North Szechuen Road headquarters December 1. Rear Admiral Sugisaka has seen a total of ten years' service in China.

Depreciated Yen Is Now a Heavy Weight on Japanese Mind

(From the Review's Tokyo Correspondent)

(Translations from various Japanese publications)

Yen Depreciation Causes Anxiety

Osaka Mainichi, Nov. 2: The Yen which was equivalent to $0.49 and a fraction up to December 13 last year is now exchanged with the Dollar at a rate as low as $0.20 and a fraction. It was well-known that the Yen would slump if the gold export was prohibited, but the actual decline is much heavier than expected. The recent rate is the lowest in the history of the Yen exchange.

Those who bought the Dollar and far-sighted producers made profits on account of the slump of the Yen.

Raw materials which were purchased at low prices before the gold embargo, have been turned into manufactures which are now selling well at high prices. Export is active thanks to the exchange rate of the Yen. Some industries have abolished curtailment and further increased their manufacturing capacity.

They are hurrying to make the import of raw materials, causing the Yen to drop further. The lower Yen makes the prices of raw materials and manufactures advance further. Thus the producers are making larger gains. Cotton yarn and cloth are selling well; spinners are making larger gains. Cotton yarn and cloth are selling well; spinners and weavers are busy. Similar conditions are seen in sugar, rayon, and in other business. Stock quotations are also soaring. Bond and debentures are now in a favorable situation.

However, there are some circles which are affected by the slump of the Yen. Power companies, which have a considerable amount of foreign loans, have to pay a huge amount of interest on them on account of the Yen exchange. Farmers are not at all faovred by the so-called Yen depression boom. The farm products' prices do not advance.

It is especially notable that those who are making money by the depreciation of the currency are few, although a majority are suffering from it. Producers and consumers are now in an opposing position. The increase of the people's purchasing pawer cannot be expected when producers and consumers are thus standing against each other.

Minseito Party's Exchange Policy Fast Approaching Seiyukai Party's

Tokyo Nichi Nichi, Oct. 25 (Editorial): The Minseito Party, the second largest political party now supporting the Government as a quasi-Ministerial party, has had a financial and economic policy fundamentally opposed to that of its rival party Seiyukai. Among various policies of the Party we find those of currency and foreign exchange have been nearly completely changed. In thus quitting its old stand it may be said that the Minseito Party has based its policy upon existing circumstances, for it insists upon re-establishing the gold standard by lifting the gold embargo by means of creating an appropriate new par of exchange. To those who have been familiar with its hereditary economic policy of restoring the par of exchange this changed attitude of the Party cannot but give any enigmatic impression. None would seriously take up the question of reinstating the old par. The question is at what point the gold ban shall be removed, for this will keep close relation to the stability of exchange.

The Minseito Party's exchange stabilization policy is extremely negative as compared with that of the Seiyukai Party, which once proposed cutting the par to as low as one-fifth and threby created friction among its members. The Minseito aims at finding an appropriate new par to suit the new circumstances after putting into practice its own plans of refraining from going too far in enforcing inflation and of practising State control of exchange or, if necessary, even resorting to the practice of State control of foreign trade. Thus, the essential difference between Seiyukai and Minseito policies lies in the fact that whereas the former aims at ushering in economic rehabilitation by reducing the currency value, the latter assumes the attitude of catching hold of a stabilization point as it comes up as a result of its exchange policy carried into practice. In comparing these two platforms none will fail to find more normality with that of the Minseito Party, and this is why both the Finance and Railway Ministers (bot Seiyukai members) are said to be favorably inclined to its insistence.

Although we admit that we cannot hurry in deciding the stabilization point or reduction point of the currency until we further ascertain the conditions in and out of the country, yet no apathetic attitude on the score of that is warranted; all necessary preparations should by all means be made.

Return to Gold Standard at New Par Not Practicable

Tokyo Asahi, Oct. 22 (Editorial): With a view to establishing its economic policy after the gold embargo the Minseito Party has created an economics research commission, and has decided on its basic policy on currency and exchange. Among items stipulated, the most outstanding is the one proposing that at a proper time in future the gold standard shall be restored upon removing the ban on gold export at a new par of exchange. In view of the rampancy of unscrupulous opinions and ideas as to currency systems such as, for instance, "Gold standard now being obsolete we are bound to fix our aim at establishing an ideal paper currency standard" or singing the praises of depreciated Yen resulting from the gold embargo as if it were conducive to the national economy. Under these circumstances, therefore, it may not be useless to draw the attention of such ignorant masse to the re-establishment of the gold standard and to the fact that it means there is no other appropriate method than to create a new par of exchange for the present.

Granting that as an ideal it may benefit part of the public, yet the new policy of the Minseito Party has no practical value as a means to cope with the changed economic conditions after the gold embargo has been effected. We need scarcely mention that when all the countries of the world excepting America and France have gone off the gold standard there is no hope of our restoring it alone even if the internal conditions should improve so as to warrant the measure. The actual state of thing within the country is far from justifying the new move. Since we are surrounded by conditions all unfavorable to the establishment of the Minseito's new exchange policy, it is but natural that it invites public ridicule when what the Party insists on is nothing more than a vacant theory devoid of practical applicability.

Generally speaking the Minseito's currency and economic policy lacks thoroughgoing study on the actual conditions and naturally has weak points and is contradictory. Although we are inclined to believe that the State control of foreign trade may to some extent be helpful to the stability of the exchange rate, we must take due consideration of an adverse effect consequent upon the practice. Any insistence that makes light of all such subsidiary points as this should be condemned as irresponsible.

Bubble Prosperity Is Creation of Depreciated Yen

Osaka Mainichi, Nov. 19 (Editorial): Having become tired of the prolonged depression, the people grew impatient and agreed to cause a rise in price of commodities to usher in a semblance of better times. People are hastening to convert their money into stocks, bonds and goods in anticipation of further advance of their value. In inverse ratio to raised commodity prices the Yen makes its dowanrd advance, but behind the scenes there are speculators who pour oil at the sacrifice of the country. Inflation then became the national demand and approved of by the Government adding fuel to the get-rich-quick fever. Prices jumped and still continue to jump, but where is the real purchasing power of the consumers? The earnings of the rank and file have not begun to increase, any more than the number of unemployed people has commenced to decrease. Indeed, apart from the fall of the Yen's exchange value, there is thus no sound basis for the abrupt soaring of prices.

All Measures Impracticable

(By Hisa-akira Hijikata, President of the Bank of Japan)

Tokyo Nichi Nichi and *Osaka Mainichi*, Oct. 28: "The recent continued fall of the Yen has been due to the increased covering of seasonal imports. The inflation of budgets is also responsible for the weak tone of the Yen,

The approacing opening of the League of Nations' general meeting is causing some anxiety among the exchange operators. The anticipated further fall of the Yen and the consequent hurry for import covering must have led to the slump. The Government, as well as the Bank of Japan, considered remedial measures for the Yen situation, but all of them are impracticable. Some measures may be introduced in the coming session of the Diet. As a matter of fact, it is easy to check the upward tendency of the Yen but it is difficult to prevent its slump. Britain has adopted the exchange equalization fund system, presumably for the purpose of checking the abnormal advance of the Bond. The ineffectiveness of the British government's measures to check the slump of Sterling is evidenced by the recent situation. The advance of commodity prices, following the slump of the exchange, will be unavoidable. The people must bear the future bigh commodity prices in return for having been able to buy a bath robe for as cheap as 30 sen per piece."

State Control of Foreign Trade Is Only Effective Means

(Editorial comments of the *Economist*—Nov. 15)

The Yen exchange rate has again dropped. During the months of September and October it was supported between $22 and $23, but early in November it further came down showing as low a quotation as $20⅝ selling and $20 ¾ buying. These are figures never known in our exchange history. It is generally believed that this new drop of the Yen was originated from the Shanghai market where speculators conducted speculative Yen selling. But where there is possibility of success of such speculation there must be some basic weakness. In reviewing the movement of the Yen we find that it made periodical slumps since the gold embargo was effected toward the end of last year. In its first period of fluctuation the Yen dropped from $49 to $32 level. After this first period it somehow enjoyed transitional stability from spring till early June. In the second period it again came down from $31 to $27 level within half a month beginning at the middle of June. Even at such a low figure semi-permanent stability could not be assured, for it once again depreciated as low as $22 to $23 in the third fluctuation period which began at the middle decade of August ending toward the close of the month. The present fluctuation may be termed the fourth period.

Where lies the cause of this periodical fluctuation of the Yen? We have referred to it repeatedly in these columns demonstrating every time that as long as the Manchurian question and the menace of forced inflation remain in the present state no anxiety could be removed however large the Government's gold reserve may be. Of course there may be a short poriod of stability following each slump, but it is almost sure that the short period of rest will usher in the fifth and sixth periods of fluctuation. What draws our special attention in this connection is the fact that since automatic regulation of quotations in such a period as we are in, speculations by influential financiers always hit the mark. Such a great concern as Kane-bo Spinning mills in anticipation of further drop of the Yen makes enormous purchases of material. It is but natural therefore that the Yen continues to fall. On the other hand the manufacturers increase profit on the material as well as on their manufactures. This practice on the part of large concerns is tantamount to Dollar speculation which has met with strong opposition of the public, but unfortunately there is no provision in the national law which effectively prevents such a practice.

The uncheckable slump of the Yen will imprint in our financial world a very bad effect. The question to decide is how to check further depreciation. The Government takes no counter-measure excepting the enactment of a law against the escape of capital, which exerts no influence toward controlling the speculative buying of industrial materials such as cotton and wool. Under the circumstances the value of the Yen continues to drop as if making fun of the Government's inability. We understand that the Government plans to conduct the compulsory purchase of foreign securities in order to prepare equalization funds, but we are aware how far the new plan will remedy the situation. To dispose of the Japanese securities in foreign markets in order to secure exchange regulation funds is quite a difficult question in view of their phenomenal slump of late. It may serve only to cause further slump of the Japanese securities in detriment to the national dignity although through this new practice power companies, which groan under heavy burdens due to lowered exchange rate, may to some extent be revived. From the view-point of exchange stabilization this is tantamount to "fanning the sun with a peacock's feather."

In our belief there is no better way than to resort to the State control of foreign trade under the existing circumstances. As we have repeatedly declared in the previous issues the State control of exchange whose function being compulsory purchase of export bills or establishment of exchange equilibration fund system, will never bring any good result. This is why we take up a pen once more to demonstrate the necessity of the State control of foreign trade. If it is impossible to practice the control on all the imports and exports, that on staple goods will be sufficient to begin with. Inasmuch as there is an apparent tendency of the rate dropping further the sooner the Government launches its protective plan the less will be the difficulties and loss its encounters. And this is also the reason why we are obliged to take up the question here again. None will expect the Government to withdraw from the Manchurian question after so long a time; indeed, no Japanese would dream of washing his hands of the matter. If the Government is really sure of it, it must be fully prepared not to bring any burden upon the shoulders of the nation as a result of the depreciated Yen due to this Manchurian question. We are afraid that if the downward advance of the Yen should be left untouched or should be met with a tempozing policy of no practical value, the national ecomomy would be sure to become bankrupt. Of course there are different causes for the sharp decline of the Yen such as, for instance, inflation policy of the Government and adverse balance of foreign trade. Such unhealthy symptoms, however, are not confined to our country alone, for we know countries suffering from stronger menace of inflation and far more adverse international balance. Why then is it that the world is bent upon selling Yen? According to the rumors afloat in foreign markets the greatest cause of the downward tendency of the Yen is the pessimistic outlook of our finance, economy, diplomacy and politics with the Manchurian problem as its centre. It is this gloomy sentiment that was reflected in the New York and Shanghai markets stimulating the disposal of the Yen which was reflected back in our market developing an extremely nervous scene. Before the present periodical slump period had set in, there were among foreigners those who anticipated the sharp slump of the Yen as was amply testified by publications at that time. We read from them such prophecies as "Manchuria may become the possession of Japan but even so it ought to be entered in the debit side of the balance-sheet" or "Japan will commit suicide by dabbling in the Manchurian and Mongolian exploitation." So long as we hear of such actions among foreigners there is no hope for the recovery of the exchange rate. Even if we succeed in checking the speculative buying of the Dollar within the country, nothing we do can stop foreigners' cornering. We need not stop to consider at this time whether the foreigners' view on the Manchurian question is correct or not yet as the "people's voice is all powerful," but as such sentiment prevails we are very much handicapped in our efforts to improve the Yen exchange rate.

Seiyukai Party Is Self-Contradictory

(By Shigeichi Maeda—*Keizai Ohrai*)

There was not a single design of the Government planned as a counter-measure for exchange stabilization that passed the 62nd or 63rd session of the Diet and was carried into effect. The Seiyukai Party accordingly claimed, "We are not at all surprised at the downward movement of the Yen exchange rate, but such an unrestrained fluctuation as we have witnessed will deprive exporters and importers of chances of doing their legitimate business. This adverse situation reminds us of the exchange equalization fund system adopted by Britain. By taking a similar remedial measure we hope to stabilize exchange at a certain point not higher than at present. To this we draw the attention of the Government". The Minseito Party then cried out, "As violent fluctuation of exchange rate adversely affects the national economy, we cannot afford to remain nonchalant, but are duty bound to advise the Government to launch upon appropriate remedial measures promptly so that it may be settled at a certain figure higher than that at present." In comparing the insistences of the two major parties we find that there is no small difference between them, but in respect to their being anxious to stabilize the Yen they are quite the same.

It is not at all strange that the Seiyukai which placed a ban on gold export should be apathetic toward the fall of the Yen. It is also natural that the Party which sought for the depreciation of the Yen should support though indirectly the creation of national equipment helpful for further slump of the Yen. In spite of the Party's through-going measures in depriving any and every healthful activities

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of the Yen, reducing it like a rudderless and anchorless ship floating on the ocean, and in the face of its unabated endeavor toward further crippling the Yen, the Seiyukai Party grumbles against the Government's inability to stabilize the Yen. Nothing can be more strange. If it held sufficient specie abroad or State control is to be expected, the exchange might be stabilized to some extent. The Seiyukai desires to copy the British policy of exchange equilibraition fund system. In thus declaring its exchange policy the Party makes no suggestion as to at what point the rate should be stabilized. Such a random insistence is not becoming in a great political party like Seiyukai. It ought to understnad that in a country like Japan, which is provided with dozens of conditions that tend to push the rate bottomlessly lower, the introduction of the British system at this time would contribute nothing toward bettering the situation but would add fuel to the downward march of the Yen. (The writer is an editor of the *Tokyo Asahi.*)

World Economic Prospects and Japan's Future Export Trade

(By Seiichi Kojuma—*Imperial University News*, Nov. 21)

The future of the world economy permits of no hasty prediction. The prospect is gloomy to persuade me to be optimistic. Even if we take the recent tendency as the movement toward better financial conditions of the world, no material powerful enough to positively turn the tide to prosperity has ever been noticeable in any quarters of the world. Furthermore, the latent crisis keeps on its forward movement.

The debtor countries in Central Europe are marching to financial ruin. In the event of Germany's going off the gold standard and consequent insolvency, British and American financial circles will receive a serious blow.

The easy-going persons who regard the Lausanne Conference as a success are obsessed with a mistaken idea that Germany has been saved in consequence. There are even those optimists who believe that the existing antagonistic policies among nations may thereby be ameliorated and a conciliatory spirit developed. We regret, however, that these expectations are not founded upon reality; a brief study of the true essence of the monopolistic capitalism of today will enlighten them. The Ottawa Conference, tariff policy of the United States, and the new import policy adopted by countries in Central Europe are diametrically opposed to the international ideal of demolishing customs barriers.

As regards the coming World Economic Conference, no more hope can I entertain than I can toward those given above. None but those who believe in the mystic idea that "When things are at the worst they will mend" would expect no important change in the world economy as the result of the Conference. As I have repeatedly declared the coming World Economic Conference has quite different character as compared with the Lausanne Conference. What was successful at the latter will not necessarily be so at the former; even though as regards the reparation question a compromise may be reached no easy solution can be expected with reference to lowering tariff walls and international investment. It is but natural that when such leading industrial countries as Britain and Japan have been bent upon exchange dumping, those which still support the gold standard should build up higher tariff walls. Germany, for instance, was compelled under similar circumstances to restrict the imports of farm products, but she must be ready to receive a retaliatory blow in her exports. In this way the international relations will make its advance from dusk into darkness.

In view of the fact that the Japanese exports are now in a position safely to jump over the tariff fences as a result of the depreciated Yen they will encounter difficulties when the rate comes to a certain point to stabilize. Likewise, the result of the Ottawa Conference will gradually make its influence felt. To make the matter still worse, if as is feared there are countries which revise their tariff as retaliatory measure against Britain, the Japanese export to those countries will be inconvenienced that much. Summing all these up and in view of the remotenese of world prosperity, we cannot but persuade ourselves to anticipate the arrival of a limit to our export trade.

There is another material, and it is our home policy of inflation and the compulsory measure of stabilizing the Yen. Putting all these things together for consideration, we cannot expect a brighter future for our export business. (Seiichi Kojima is well known as a keen-sighted economist in Japan.)

Huge Development Schemes in East Siberia

A recent *Tass* message from Habarovsk stated that the vast importance of East Siberia in the general economy of the U. S. S. R. is being given due recognition in the projects slated for execution during the period of the Second Five-Year Plan which will be inaugurated on January 1.

The First-Year Plan, which is nearing completion, has established the first two coal and ore combinates of the Soviets, at Krivoirog-Don Basin and Ural-Kuznetsk. The second and third Five-Year Plans will see the rise of the third coal and ore base, in East Siberia, which by its hydro-electric powered works will dwarf everything hitherto known in this sphere. The multiple character of the project can be glimpsed from the fact that it calls for the construction of thousands of miles of new railways, the electro-development of the whole region and the creation of coal and iron industries, the development of the gold, nickel and platinum mines and the advancement of the bismuth, arsenic and timber undertakings.

Electritity is the head cornerstone of the eutire plan. East Siberia will be 100 percent electrified. The new railways will be electrically driven and the whole industry will be powered by electricity. The question is not one of a single power works like Dnieprostroi. "Angarastory," as the project is known, is a whole system of water-power works distributed over an area at least half the size of Germany. While Dnieprostroy yields 560,000 kilowatts and produces about 2,000,000,000 kilowatt hours per year; at the end of the Second Five-Year Plan the Angara system will already produce 20,000,000,000 kilowatt hours. The system will be supplying 20 percent of the entire electric power of Soviet Russia.

The building of "Angarastroy" will be undertaken in stages. The first building works will begin in 1933. At the end of the third Five-Year in 1942 the whole Angara system is to be completed.

The construction of the Barchatovo power station, twenty kilometers northeast of the Cheremchovo Coal Basin, will be commenced first. The station will produce 800,000 kilowatts or 5,500,000,000 kilowatt hours. There will follow the Baikalskaya power station, eight kilometers north of Irkutsk, with similar production figures. At the end of the second Five-Years there will commence the construction of the two gigantic stations in the Taiga near Bratskoye. The one station, Padunskoye, will produce 2,500,000 kilowatts and 14,000,000,000 kilowatt hours. At the same time the Krasnoyarsk power works on the Yenessei River will commence working, with an output of 450,000 kilowatts and 3,360,000,000 kilowatt hours.

In the great plans for Siberia the port of Vladivostok is destined to play a by no means insignificant part. Shipping traffic in the port has increased tremendously in the last year or so.

Vladivostok is rapidly nearing complete independence as a port. While Siberia remained a vast wasteland with no industries the port was almost completely dependent on transit traffic fed to it by the Chinese Eastern Railway. That situation has now almost completely disappeared. Vladivostok no longer depends on the Chinese Eastern Railway for its existence. It has become a port in its own right, a necessary complement to the great developmental schemes of Siberia.

Steps to Be Taken to Control Radio in Shanghai

A meeting of representatives of the China Broadcasting Association, Radio Dealers' Association, and various other radio interests was held in Shanghai December 6 with a view to making concrete suggestions to the Shanghai municipalities and to the Chinese government for the control of radio. At present, it was stated, the local air is so cluttered up that receiving sets on which millions of taels have been spent, and roughly a million taels' worth of broadcasting equipment are becoming useless.

Industrial Fair Being Held at Hangchow

The Chekiang Agricultural Products Exhibition was formally opened at Hangchow Dec. 1 by Tseng Yang-fu, Provincial Commissioner of Reconstruction. Seven thousand different exhibits are on view, these coming from 62 districts. Over 600 varieties of cereals are represented, while fruits, medicinal herbs, tobacco, marine products, etc. are also on display.

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Can China Merchants Be Rehabilitated?

BY PAUL K. WHANG (汪仲芳)

"CAN the China Merchants Steam Navigation Company be rehabilitated" is a question which has been on the lip of every one whose interest in the company has been very much aroused by its recent developments. It is really incomprehensible that a shipping company which is reputed as having its assets three-and-a-half times larger than its liabilities has been permitted to deteriorate and linger in a state of insolvency during the past decade without any conscious efforts on the part of either its stockholders or the government to contribute something towards its rehabilitation.

If the company possesses such a vast amount of assets, most of which are in landed properties, its way of salvation can be easily devised by converting its superfluous properties into cash so as to get the wherewithal to pay off its old indebtedness, to purchase new ships and to build up new wharves and godowns. With the reconstruction of its fleet, it will be able to make both ends meet and become solvent once again.

As a shipping company, it must have a fleet of modern and seaworthy ships, which will be adequate to serve China's domestic needs. So long as its ships and wharves are in the present dilapidated and obsolete state, it can hardly deserve the name of being the first and foremost Chinese owned shipping company, and also it can not be expected to operate on a profitable basis in face of keen foreign competition in Chinese waters.

What is the use of keeping its superfluous land properties, while its ships and wharves are long past their economic age? If the past managements had enough sense, it would instead of begging help from outside sources work out its own salvation by a simple process of re-adjusting its assets.

At the time when the company was in private hands, the big stockholders who manipulated the management of the company might have their reasons for leaving the company drifting on hopelessly without giving it any assistance—so that in case of dissolution, they could still claim large profits from its landed properties. Thus in 1914, at a stockholders' meeting, a subsidiary property company was formed to control and manage the real properties of the company. This separation is generally considered as the initial step of the movement, on the part of its stockholders, of preserving its landed properties at the sacrifice of its shipping business. As reported, even if the company is dissolved now, each "set" of its shares bearing the face value of ₹272.00 will be worth as much as ₹1000.00.

But once the company came under the government control, the government should not maintain an indifferent attitude toward its hopeless situation as its stockholders had done before. If the government itself could not accord it financial assistance for its rehabilitation, it should at least help its appointees in evolving some effective ways of reorganizing the company. For four-and-a-half years, the government did nothing to redeem its promise, which it had made profusely at the time of taking control of the company, and in the meantime the total indebtedness of the company increased from ₹12,000,000 to ₹17,000,000.

Why Government Control Was a Fiasco

Insofar as the past record is concerned, the government management of the company is a complete fiasco. Its failure can be amply accounted for by the following reasons:

First of all, after taking control of the company, the government did not definitely define its status. Outwardly it was a government enterprise, because the management was directly responsible to the government. But below the surface, it still retained its private status, inasmuch as the shares of the company were in the hands of stockholders and the Chairman of the Board of Directors was functioning as before. It must be said that besides the Chairman, all other directors were conspicuous by their absence, and that no Board of Directors' meetings and stockholders' meetings were ever held for the last five years.

This semi-government status naturally precluded any chance of working out a definite policy for the rehabilitation of the company. The stockholders, who feared that the government might confiscate their holdings, combined their strength to oppose the govenment control secretly if not openly, while the government which was not in a financial position to give the company any material assistance, could by no means dispose of its superfluous landed properties without the sanction of its stockholders. For years, the government and stockholders were at loggerheads, and as a result, the company was drifting from bad to worse,

Secondly, most of the government appointees were selected from the officials who were not equipped with rudimentary knowledge of running a business office. Under the government control, the company gradually became a full-fledged government institution with the introduction of a bureaucratic system and the creation of superfluous offices. Favoritism ruled over appointment and promotion, and corruption was rampant. Because of the mismanagement and corruption, revenue was declining steadily, while expenditure was increasing rapidly. It is no wonder that its indebtedness at present is one-third bigger than the amount when the government first took control of the company more than four years ago.

Moreover, the welfare of the company was subjected to the partisan interests, and any change in the personnel of the government affected the administration of the company. The government appointees who were fully aware of their unstable position would not apply themselves wholeheartedly to the tasks entrusted to them, while the junior staffs who vied with each other in currying favor of the new appointees lost interest in their works altogether.

Whenever a new manager was appointed to the company, many old Staffs were discharged, always under the pretense of curtailing the expenditure of the company. But no sooner had the old ones gone, than many more new ones were appointed to take their place. As a consequence the number of the staffs increased goeatly and new offices had to be created to accommodate this ever-increasing number.

Company Did Not Have Free Hand

And thirdly, the company was not permitted to have a free hand in operating its business, when the government and military leaders often commandeered its ships for the shipment of soldiers and munitions. Whenever a military campaign was contemplated by the government to suppress the rebellious military leaders or Red-banditry, the company was asked to surrender its ships for military service. Although the charter money was promised by the government, its payment, was perfunctory. During the past few years under government control, the company had never on one single occasion all its ships under its control, because a few of its ships were always seized by the government and various military leaders the whole year round no matter whether such a seizure was justified by the necessity of the war situation. As reported, a few of the ships were detained just for the sake of detention with no apparent purpose of making use of them either for the transport of soldiers or munitions.

The government may think that its seizure of merchant ships is justified by the payment of charter money, but it must be noted that the money thus promised by the government to the ship-owners is never sufficient to cover the losses of the regular passenger and freight traffic. Directly and indirectly the ship-owners would suffer from the disruption of regular shipping schedule resulting from the seizure of their ships, when their customers would likely patronize those shipping firms which could operate their ships on a regular schedule without any interference from the outside.

Moreover, once the ships were seized for the military service, they must be reconditioned before they could be reinstituted into the regular commercial service. These repair bills often amounted to big figures which had to be paid by the ship-owners.

It is a sign of relief that the government has at last realized its failure to manage the China Merchants and has recently resolved to take definite steps to purchase the company and appointing leading business men to manage and direct the company. In taking these steps, the government has definitely defined the status of the company and placed the company above partisan interests.

With its status defined and its management in the hands of responsible business leaders whose tenure of office will not be affected by the political change, a definite scheme of rehabilitation can be worked out and enforced without any fear of meeting opposition from the stockholders and interference from the government changes.

But it must be added that in spite of its definite status and good personnel, the company can not yet be expected to operate successfully, unless its ships are immune from the frequent seizure for the military service. If the government is really sincere in its endeavor to rehabilitate the company, it should henceforth refrain from commandeering its ships, so that the company after so many vicissitudes can be put on its feet once again.

Shanghai, Dec. 6, 1932.

63-068

Chinese Government Railways

Shanghai-Nanking and Shanghai-Hangchow-Ningpo Lines

From Shanghai to Nanking: 311.04 Kilometers

From Shanghai to Hangchow: 189.57 Kilometers

The Shanghai-Nanking Line extends from Shanghai, one of the greatest seaports in the world, to Nanking, the seat of the Nationalist Government of China. Short as it is when compared with the other trunk Lines in China, it serves a rich and densely populated district of preponderant importance, politically, as well as commercially and industrially. The whole Line is dotted over with points of known scenic beauty too numerous to be all mentioned here. Tourists and travellers should utilize the train service of this Line at least to visit Soochow, known as the "Garden City of the Orient," Wusih, the picturesque city on Lake Tai-hu, Chinkiang, the "Gate of the Yangtze River," and Nanking, a city rich in historic remains with the new grand Mausoleum of modern architecture for Dr. Sun Yat Sen, Founder of the Chinese Republic.

The Shanghai-Hangchow-Ningpo Line runs southwestward from Shanghai through a tract of beautiful places. At Lunghwa one will see the famous Pagoda with a long history attached to it; at Sungkiang, the observatory of the French Fathers at the summit of Sha Shan and the grave of General Frederick Ward; at Kashing, the South Lake and the Three Pagodas situated about two miles from the station; and at Hangchow, the present terminus of the Line from Shanghai, the renowned West Lake which called forth highest praise from Marco Polo, with such picturesque surroundings that it has been well called the "Switzerland of China." Tourists! A visit to Hangchow by the comfortable trains of this Line will give you the utmost satisfaction of travel and untold pleasure of sight-seeing.

For further information apply to the Traffic Manager of the two Lines at Shanghai North Station.

63-069

The Chinese Public Urges Washington and Geneva to Uphold Justice

BY C. Y. W. MENG (孟長泳)

A STREAM of telegrams has been sent by Chinese organizations to Washington and Geneva urging both of them to uphold the sanctity of the League Covenant, the Nine-Power Treaty and Anti-War Pact, and to do justice in settling the Sino-Japanese dispute. It is of great interest to read some of them.

Chinese Telegram to Washington

More than 160 trade associations in Shanghai, such as Satin, Textile, Paper, Intestines, Coal, etc., in a joint telegram to President-Elect Roosevelt, aside from sending him their hearty congratulations expressed their joy that the League Covenant is now "saved" by the election of Roosevelt, for it was President Wilson who promoted the formation of the League of Nations, and it is also the policy of the Democratic Party to give full support to the League of Nations. "So when your Party is in power, it goes without question that your Government would pay more attention and respect to the League Covenant than the former administration." Then the telegram goes on to point out that when President Wilson proposed the organization of the League of Nations, it was because he was greatly impressed by the tremendous loss of human lives and property. By soliciting the international cooperation, it was aimed to end the warfare, to minimize the suffering of the people, and to contiune the existence of the humanity.

"But now Japan, a member of the League, has disregarded the obligation she owes to us arising from the signing of the Covenant and has actually trampled under-foot the Covenant. We hope earnestly during your Administration Your Excellency will pay more attention to this state of affairs, to cooperate with us to uphold the Covenant, to employ more effective forces to suppress Japan,—the violator of the Covenant, and to complete the unfinished work of the leader of your Party—the late President Wilson. Otherwise not only the late President's wishes could not be realized and the sympathetic support offered by other nations to promote the organization of the League would be in vain, but also the economic conditions in the world in the near future would be placed in a most critical condition, and the hardship and sufferings to humanity would be increased.

"The Covenant is an international law only signed by the members of the League, its aim being to prevent warfare and to ensure world peace for the benefit of humanity as a whole. So both members and non-members of the League of Nations are under obligation to uphold the Covenant, directly or indirectly. The acceptance of the invitation by Secretary Stimson to appoint a delegate to sit in the League's Council meeting, and the appointment of a delegate to the Inquiry Commission, together with the economic boycott enforced by the American people voluntarily against the Japanese, etc., are clear indications that your people are exercising the utmost efforts to uphold the Covenant. We hope Your Excellency and your people will take more effective steps toward this direction, so that all the other members of the League and other people in the world may be awakened by the actions taken by the American government and people to realize their obligations in the present situation, and to quickly take steps to suppress Japan—the violator of the Covenant!" The Association then urged the world, as a whole, to make a supreme sacrifice for the maintenance of world peace and upholding of the Covenant. "Such sacrifice," pointed out the Association, "would be meaningful and worthwhile." Lastly, the telegram pointed out the fact that it was due to the hesitation in making a supreme sacrifice on the part of the members of the League that the Japanese become more arrogant and, that this is now the last time for the Chinese to save the world crisis.

To Geneva

Generals Ma Chan-san, Ting Chao, Li Tu, Su Ping-wen, and 14 others, in a joint telegram to the League of Nations, first deseribed conditions in Manchuria since September 18 1932, the creation of Manchukuo, the resistance offered by the Chinese against the Japanese, forces, the atrocities committed by the Japanese who killed more than 50,000 innocent Chinese, etc. and concluded that the Chinese would never yield to the Japanese demands, and that unless the Japanese could kill all 30,000,000 Chinese in Manchuria they would never cease to oppose the puppet organizations and the invaders, and that they would never agree to such recommendations as the international control of Manchuria. "Though the Government might not take up arms to recover the lost territory," said the telegram, "yet the Chinese, by uniting themselves, swear to drive out the Japanese invaders."

A Letter to All Nations

The National Association of People's Organizations for the Salvation of the Country held a meeting on November 15, and decided to appoint Chen Kun Liang to go to Geneva as "People's Delegate." He will bring with him the Chinese and English text of a letter from the Chinese people to all the nations in the world.

In the first part of the letter, it says that the Chinese regret that the Lytton Commission has paid so much credence to the Japanese allegations against the Chinese, and has mistakenly considered them as all true. So this letter is intended to present the situation in Chinese more clearly before the world peace-lovers, so that the present dispute might be justificably settled.

The gist of the letter is as follows:

1. China is now in the transitory stage from old to new. The development of China is not only a blessing to China but also to the whole world and world civilization. Then the letter goes on to say that the Japanese have always prevented the free development of China. "China belongs to 400,000,000 Chinese people, and now 400,000.000 people have arisen to resist the Japanese aggression; China is a big country in the Far East whose security is the security of world peace. The frequent assassinations of the politicans in Japan clearly indicates that Japanese militarists have run amuck," says the letter.

2. The second part of the letter deals largely with the story of Japanese aggressions in China, such as the Sino-Japanese war in 1894, the presentation of the 21 demands in 1915, the Tanaka Memorial, etc. The letter points out the falsity of Japanese "reasons" for their actions, such as "China is not an organized country," "China is anti-foreign," and "Japan has to colonize her surplus population," etc.

3. The third part of the letter deals exclusively with the recommendations of the Lytton Report. It points out that it is wrong for the Lytton Commission to condemn the Chinese boycott as illegal, for this is the only weapon for the weak to oppose the strong. Secondly, the proposed international control of Manchuria as well as the holding of the Advisory Conference is not acceptable to the Chinese, as it only restores normal sovereignty to China, and it creates a dangerous precedent, adding that such an advisory conference would be another "puppet" of the Japanese in Manchuria. It also points out that it is wrong for the Commission to oppose the restoration of the *status quo* of Manchuria; it would create another dangerous precedent, for hereafter all the weak nations could never recover their lost territory after being invaded by the strong.

4. The letter urges the League of Nations to uphold the sanctity of the Covenant, pointing out that the reason China has not put up any resistance is because China still hopes that the League would at last do justice to settle the dispute.

5. The letter then urges the world to give every support and assistance to the Chinese in furtherance of the People's Movement, adding that the present movement in China is the foundation of modern civilization. But should the world allow the Japanese aggression to go on, or to create dangerous precedents, such as the international control of one's territory, etc., the world would soon realize that it is the cause of future disaster.

The Representatives' Conference of the National Association of People's Organizations for the Salvation of the Country in Shanghai, in an urgent telegram to the Chinese delegates in Geneva, urged then to do their utmost in the spirit of revolutionary diplomacy,

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until the lost territory is recovered to China. The telegram pointed out the fact that recommendations embodied in the Lytton Report amount to nothing short of international control of the Three North-Eastern Provinces. "The international control of Manchuria is only a forerunner of the international control of the whole country tomorrow. The demilitarization of Manchuria today is the first step towards the demilitarisation of the whole country in the future," the telegram pointed out. The telegram urged the delegates to stand firm to oppose the suggestions in the Report. and to fight for the independence and liberation of China, to fight for world and Far Eastern peace until an economic blockade against Japan has been declared."

Plea for Joint Efforts

The Shanghai Chamber of Commerce, Banking Association, Cotton Exchange Association, etc., in a joint telegram to the Executive Council of the League of Nations, pointed out the fact that as the Lytton Commision has already found out that the Japanese actions in Manchuria could not be considered as legitimate measures of self-defence, and the only way now open to stop the Japanese aggression is for the members to exercise joint efforts to save the world crisis. "But should the critical situation in the Far East be allowed to drift on, all the peaceful efforts to maintain the world peace after the World War, would be broken down and there would be no more remedy to save the situation," concluded the telegram.

The Chinese National Salvation Association, in a telegram to the League of Nations, pointed out the correctness of the Lytton Commission when it considered the Japanese military occupation of Chinese territory without first declaring war against China as contrary to the spirit of the League Covenant, the Anti-War Pact, and the 9-Power Treaty, but it reminded the Council that the mission of the Council is to make "right victorious over might," to employ public moral force and law to suppress the military actions.

The Jehol Branch of China's Anti-Japanese Forces, in a long telegram, put the following points before the League of Nations:

1. The Chinese public strongly oppose the recommendations embodied in the Report, as underlying principle for the solution of the problem, and further oppose the invasion of Chinese territory by the imperialists.

2. The Chinese are fighting for independence, liberty and emancipation.

3. So long as the lost territory is not recovered to China the Chinese would never cease to resist.

Sun Fo Demands Non-Recognition of Japan

In an interview, making his comments on Japanese observations on the Lytton Report, Sun Fo is quoted to have asked: If Japan has claimed that China is only a geographical expression and not an organized country, why should Japan continue to send her ministers to China since 1922? According to the general principles of international law, said Mr. Sun, "if Japan does not recognize China as a state, China would also not recognize Japan as a state. As the friendship of the two countries is already terminated, the Chinese should unite to oppose the Japanese and to fight for their existence."

Nanking, Nov. 28, 1932.

Japanese Naval Appointments

The following changes in Japanese naval appointments were announced in Tokyo December 1: Admiral Yamanashi, Commandant Kure Naval Station, member of the War Council. Vice-Admiral Nakamura, Commandant Sasebo Naval Station, succeeds Admiral Yamanashi; Vice-Admiral Sakonji, Commandant of the Third Squadron, succeeds Vice-Admiral Nakamura as Commandant of the Sasebo Naval Station; Vice-Admiral Yonai, Commandant of the Chinkai Naval Station, succeeds Vice-Admiral Sakonji.

American Marines Begin Withdrawal from Nicaragua

The last battalion of American marines in Nicaragua began its evacuation Nov. 30. The withdrawal of the last of the marines will include the removal of many non-commissioned officers of the marines who have been serving as commissioned officers in the Nicaragua National Guard.

League Experts Report on Education in China

The Report of the League of Nations Commission of Educational Experts on the Reorganisation of Education in China was recently made public. The members of this expert body of investigators were: Herr C. H. Becker, formerly Prussian Minister of Education, and Professor in the University of Berlin; M. M. Falski, Director of Primary Education Department at the Polish Ministry of Education, Warsaw; M. P. Langevin, Professor of the College du France, Paris and Mr. R. H. Tawney, Professor in the University of London (London School of Economics and Political Science).

The Council of the League of Nations, in May 1931, were asked by the Chinese Government to collaborate in the preparation and execution of a scheme of reform; and among the other decisions reached by the Council on this request, the International Institute of Intellectual Cooperation was instructed to appoint a commission of experts to study the present situation in China. The Mission arrived in China on September 30, 1931 and remained here for about three months. It conferred at Shanghai with the Ministry of Public Education, and then proceeded to the headquarters of the Central Government at Nanking, where the Minister for Public Education and his officers cordially welcomed the Mission, and where it sketched out its working program. Visits were paid to the educational establishments at Nanking, including the Central University; to Tientsin, where the most highly developed teaching institutions in the country were examined; and, finally, to Peking, where the Mission stayed three weeks and took the opportunity of visiting the centre of adult education in Ting-Hsien. Before the Mission left China, it also studied the schools and universities at Hangchow, made a detailed examination of the school system in Greater Shanghai, and then spent a further three weeks at Nanking. The Mission also paid a visit to Soochow, and one member of it was able to make a personal investigation of conditions in Canton.

Varied Conditions

The Report recognises that political and economic conditions differ greatly in different parts of China. The Mission was, however, impressed by the general feeling among educationalists in China that reform was a very urgent matter, and by the remarkable agreement on the general lines on which such a reform should proceed. That has been made in education in China; but there is danger of schools and institutions developing rather as independent organisms instead of being included in an organized system of public education related to immediate social problems.

In discussing national education and foreign influences, the Report recognises that foreign civilisations are essential to the modernisation of China; but there is danger in merely mechanical imitation, and on that the Report insists on laying special emphasis.

A Criticism of American Education

After paying a tribute to the special spirit of the American educational system as linked up with the development of American nationality in its own country the Report considers that conditions in China do not justify the transportation of that system here. "China is a country of long-established traditions, and no country has ever sacrificed the whole of its historical culture without suffering the more baneful consequences. Moreover, the Chinese are not a new race in process of formation, but a people with a history dating back many hundreds of years; neither have they transformed their method of life, and present economic conditions are, to a certain extent, the same as those which ruled thousands of years ago. That simple consideration is by itself enough to suggest that it is essential to enquire whether these American educational methods imported into China with such faith and fervor really meet the true requirements of the Chinese people, of that people which cannot attain to any standard of modern civilisation unless, like all the civilised peoples of Europe and America, it searches far into its own background where its proper being is reflected, and then builds up an appropriate and autonomous system of public education, instead of being satisfied with adopting features borrowed here and there for its educational system," the report says. The Report hopes that leaders responsible for the public education policy of China will realise that superficial adoption of European or American conditions or methods must inevitably lead to results of only accidental and secondary importance. It asserts that public education in China will not attain the value of Western education until all signs of European and American influence have been eliminated, when there will be something really Chinese to compare with what is essentially American or European.

The Report explains that the object of its criticism is to warn Chinese against superficial Americanization.

The Report suggests that the Minister of Education should create a Commission to solve the problem of reforming writing, which presents particular difficulties to modern education in China.

Discussing the principles of administration, the Report considers that the Ministry of Education should have greater influence in the manner of appointment and dismissal of officials, and that the educational administration should be more independent of the general administration.

It contains proposals for the better distribution of financial assistance, for the establishment of facilities for the training of teachers, and for the perfection of suitable qualifications.

The Report considers that insufficient use is made of the schools actually at the disposal of the country. It recommends that due arrangements should be made for the greater exploitation of school buildings, and that sections of public secondary and higher schools which are insufficiently attended should be abolished. It also recommends the better use of teaching staff.

Primary education and secondary education come under exhaustive review and difficulties noted are: too long hours of working; unsuitable methods of teaching, especially of English; and cases of mental and nervous overstrain. It notes with satisfaction that the Minister of Education largely agrees with this criticism.

The need for better training of teachers is stressed and recommendations are made with that object in view, and these follow in many respects the same direction as indicated in the recent program prepared in the Ministry of Education. It advocates the creation of a Board of University Teachers; the prescription of a standard which will ensure that only students qualified to profit by university education are admitted to universities. It also suggests that universities should revise the organisation of their work in order to reduce the number of hours for which students are required to attend lectures. The system of accumulating credits is condemned.

Discipline and Control

On the subject of discipline, the Report recommends that machinery should be established through which regular consultation can take place between representatives of the students and the governing bodies of universities on matters of common interest.

University staffs should be enabled to give more attention to research and post-graduate work, in which, however, only a small number of undergraduate students should be encouraged to participate.

The last chapter deals with adult education, which is regarded as one of the most satisfactory features of the educational system in China.

The Report notes with satisfaction the excellent work being done by various provinces in maintaining special institutions for the training of social workers. The work is still in its initial stages and is inadequate to cope with the immense needs of the country, although this should not preclude its rapid development along a variety of lines.

The Mission before its departure from China submitted to the Ministry of Education a memorandum outlining its conclusions and its suggestions for preparatory measures of reform. These proposals can be generally gathered from the foregin summary. To emphasize the national and social character of the educational system of China and to re-establish unity is the aim of the proposals put forward by the Mission. So it aims at reform of the school administration, the creation of an efficient teaching profession, compulsory primary education, the development of secondary education, not as a mere preparation for university studies, but as a help to vocational training.

Chinese Trademark Official Denies Charges of Unfairness

An emphatic denial of charges made by G. Warren Heath in an article entitled "China Plays the Innocent," published in September *Current History* (short extracts from which were published in last week's issue of *The Review*), were contained in an article written by Chi Tai Liang Chief of Division of Protests, Bureau of Trademarks, Shanghai, printed in the *China Press*, December 5. This trademark official vehemently denied the charge that had been made that the Trademarks Bureau at Nanking is corrupt. Mr. Liang explained that a great deal of the misunderstanding as to the attitude of the Chinese Trademark Bureau was due to the fault of the various foreign concerns themselves that had not complied with the proper law or procedure as regards the registration of trademarks. It frequently occurred, that although in the first instance the decisions given had been in favor of the Chinese, these decisions would afterwards be reversed and given in favor of the foreign firm, which had in the meantime either brought forth convincing proofs as to their priority of use or had complied with the details of procedure—something that they had not done in the first instance. Mr. Liang gave numerous examples of the care with which the Bureau investigated each case; also pointed out that numerous decisions of late had been in favor of the foreign firms and against the Chinese.

British Toffee Makers Win Trademark Case Against Chinese

The Bureau of Trademarks during the week ruled against the Chinese firm of Kwan Sun Yuen in favor of the British toffee-making firm of Callard & Bower, whose products were being imitated by the Chinese firm. The Bureau held that the "Cat and Dog" mark used by the Chinese firm was sufficiently like that of the British firm's to cause confusion in the public mind, therefore the Chinese firm's application for the use of the mark would be cancelled,

John Earl Baker Speaks on Railways and Highways

John Earl Baker, advisor to the Ministry of Railways and of the China Famine Association and a divisional director of the Chinese National Flood Relief Commission delivered a public lecture last week at the Chiao-tung University on "Railways, Highways and National Defence." In his opinion China's national defence depends upon its national unity and order, which cannot be secured without a well-developed system of railways and highways

Ekvall-Tornvall Murderer Executed

Advices from Sianfu state that the Shensi soldier, Liu Jen-shu, who was chiefly responsible for the death of Mr. Ekvall (American) and Mr. Tornvall (Swedish) and their companions last summer, was executed Nov. 30. His execution followed a confession of his part in the outrage. Liu Jen-shu was commander of a special company in the Third Brigade and, like the soldier under his command, had formerly been a bandit who was taken into the army. The first clues as to the identity of the murderers were provided through the action of the soldiers prior to the outrage, who stopped a missionary near Sianfu. When the missionary asked why he was being detained, the soldiers explained that they had received orders to stop all foreigners coming from the west. Beginning at this point the authorities instituted a search for Liu Jen-shu, and he was finally located.

Jack Young, Chinese Explorer, Relates Mountain Climbing Experiences

Jack Young, Chinese member of the expedition which left here early in August for western China, for exploration purposes, in a letter to *The Review* dated Nov. 1 at Wei Sze Da, 45 miles south of Tachienlu, reported that the party has had fine luck with zoological collecting. So far he had collected a family group of blue sheep and two bears, but he was still looking for a Giant Panda. The people, he said, are nice and are willing to help. By climbing Mt. Konka the party had established the American record for the highest mountain climbed. Both American and Chinese flags were planted on the tops. Arthur Emmons of Boston had both his feet badly frozen and lost a few toes. Richard Burdsell of Port Chester, N. Y., was very sick and may lose five of his fingers.

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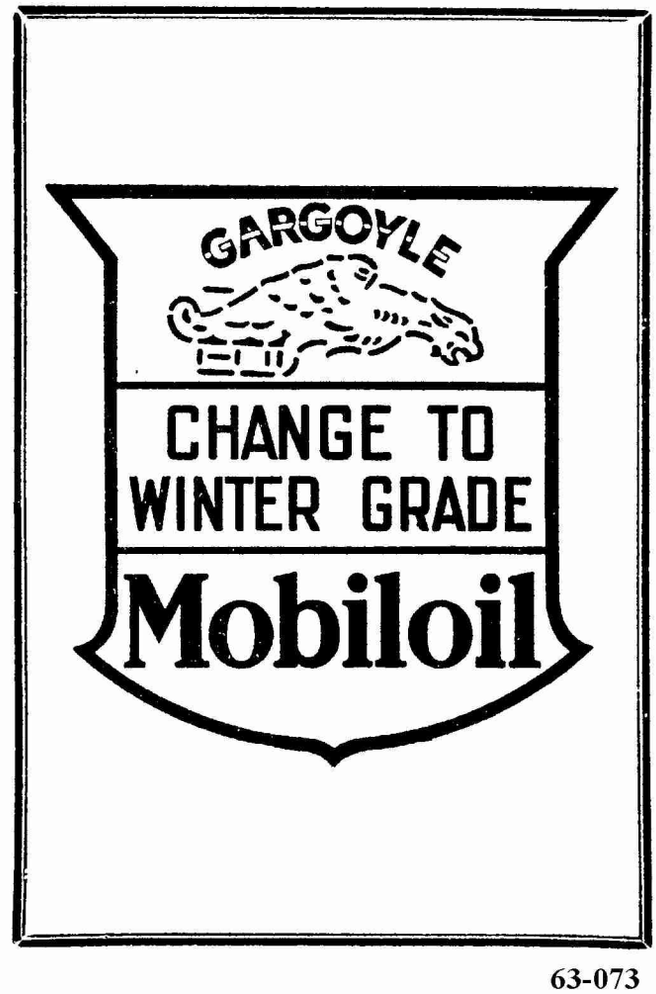

Administration of British Boxer Fund Explained

R. Calder Marshall read a paper on "The History and Administration of the (British) Boxer Indemnity Funds" at a meeting of the Society of Chartered Accountants held in the Shanghai Club, November 25.

In order that the status and functions of the Board of Trustees for the Administration of the Indemnity Funds could be more clearly understood, Mr. Marshall reviewed briefly the various steps, which preceded the formation of the Trust. Misunderstanding, he said, has probably arisen owing to confusion between the original recommendations and the final decision as to the methods to be adopted in utilising the Funds for "purposes mutually beneficial to Great Britain and China."

The Act of 1925 provided for the establishment of an Advisory Council of eleven, for the purpose of advising the Secretary of State for Foreign Affairs as to the application of the Indemity funds. This Committee toured China in 1926 and in due course submitted its report which was adopted by the Advisory Council and forwarded to its Minister of Foreign Affairs. One of its main recommendations was that a board of Trustees should be established in China.

The Advisory Committee as the result of the investigations of the delegation finally recommended that initially the Funds available for endowment should be invested in Chinese or British Government securities. It was however specified that the Board of Trustees should have the power to invest in railways, conservancy work or other productive schemes.

As regards education, which is the main object of the endowment, railways, conservancy and other productive enterprises being merely the means to procure the necessary funds, the delegation recommended that the funds available for education should be allocated by the Board of Trustees in the following proportion:—

Agricultural Education, etc.	30%
Scientific Research	23%
Education in Medicine, Public Health and grants to hospitals	17%
Other educational purposes, administrative and other expenses	30%

Only the interest on the capital sum will be available for education. The capital now being invested in materials will when amortised, be retained in capital and reinvested; it will not be expended on education but will be reinvested in productive enterprises or materials for such enterprises.

The Executive Yuan instructed the Board that the funds either in London or in China were to be apportioned as to two-thirds to Railways, 40 per cent. or one-third to Hwai Ho, 13⅓ per cent. of one-third to Industrial, 13⅓ per cent. of one-third to National Construction (Electrical) 13⅓ per cent. of one-third to Yellow River, 20 per cent. of one-third to Pearl River, and it is in accordance with these percentages that the funds are being allocated.

The Board consists of 10 Chinese and 5 British members, the former selected from the various Ministries and the latter suggested or approved by the British Minister, all being appointed by the Executive Yuan. In accordance with the constitution the Chairman is Chinese and is appointed by the Executive Yuan.

At present about $100,000 is available for Education against which up to June 30, 1932, applications for social expenditures — $16,132,048, Current Expenditures — $5,095,800 were received in addition to numerous requests from various institutions in which no definite sum has been specified.

British Urge Payment of Debts as Condition for Boxer Grant

A grant of assistance of £2,450,000 requested by the Ministry of Railways for the completion of construction of the Canton-Hankow Railway was authorized at the meeting of the Board of Trustees of the Britiah Boxer Indemnity Funds held at the Chinese Bankers' Club, 4 Hongkong Road, during the week. It was so modified, however, at the meeting that the grant will be made conditional upon the agreement to be secured by the Ministry of Railways from the Chinese-British Syndicate. The latter has been urging payment from the Railways Ministry in settlement of outstanding debts. Of the total of £2,450,000, the sum of £1,200,000 which is to be appropriated from China will be used as security for the issuance of public loan bonds, while the remaining £1,250,000 will be spent through the Purchasing Committee at London. The money and loan bonds secured therefrom will be devoted to the construction of the section between Shaokwan and Chuchow on the Canton-Hankow Railway.

The other request from the Ministry of Railways for £500,000 for the Lunghai Railway, however, was dismissed pending investigation into the relations between the Lunghai Railway and its Belgian creditor.

A third request for £16,000 to be used for the purchase of material for the construction of a ferry service to link up the Shanghai-Nanking and Tientsin-Pukow lines at Nanking was also granted.

Chinese Win Great Sporting Classic in Shanghai

The International Walking Match at Shanghai, December 3, one of the great sporting classics in the Far East, was won by the Chinese team for the fifth consecutive year, though in a bitterly fought struggle with the the British team, who were defeated by but a single point. In this the Chinose not only showed their high ability at this form of sport, but rendered it likely that China will be represented at the walking match at the next Olympic games.

Chinese walkers placed first, fourth, eighth, and tenth in the race, an extraordinarily fine record with six national teams entered (four men to a team), as well as over a score of unattached walkers. The young Chinese walker, K. S. Shih, won first place for the second year in succession, an unattached walker (Neugebauer, of German nationality) taking second place, being in fact barely beaten (by only nine seconds) by Shih.

It was the very fast time made which makes it possible that Chinese walkers may participate in the next Olympic games. The time for the distance of 17 miles 400 yards was 2.23.40, a new record for Shanghai and the East, beating the former record (made by ths same walker last year) by nearly three minutes and a half. There is no official world's record for this irregular distance, but the colculated time would be about 2 hrs. 20 min., so that Shih's time is quite extraordinary, being less than four minutes above the world mark. Whether the judges at the Olympic games would decide in the same way as the judges here as to what constitutes heel-and-toe walking, of course, is another question.

While the International Walking Match is one of the oldest annual sporting events in the East, it is only in the last six years that Chinese have gone in seriously for this line of sport. Originally encouraged and trained by an American sportsman, they have now forged ahead so that they have year after year won this competition, and have increased the speed remarkably. A few years ago, before the Chinese began speeding up the race, the record stood at about 2 hrs. 34 minutes, more than ten minutes above the present record.

There are now all-Chinese walking matches in Shanghai, as well as the big international event. Not only are there competitions for men, but an annual walking match has also been started for Chinese girls, and Chinese sportsmen and sportwomen are now trying to promote an international walking match for women.

Chiang Kai-shek Entertains Dyke Inspection Party

A reception was given at Hankow Dec. 4 by General Chiang Kai-shek, President of the Military Affairs Commission, to the party from Shanghai and Nanking which is inspecting the new dykes along the Yangtsze under the auspices of the National Flood Relief Commission. After General Chiang had extended a cordial welcome to the party, Hsu Shih-ying, speaking on behalf of the guests, paid a warm tribute to the Government for the monumental work it has accomplished in the construction of the dykes and rehabilitation of the areas devastated by the floods of last year. Mr. Hsu said the members of the party were greatly impressed by the achievements of the Government both in flood relief and bandit-suppression. He assured General Chiang that they would try their utmost to raise funds from the public to assist in the rehabilitation of the former bandit-ridden areas.

Nanking Gives Views on Foreign Films in China

Criteria of foreign films which would be appreciated by Chinese were adopted at a meeting of the Standing Committee of the C.E.C. held at Nanking Dec. 1. The kinds of foreign films that China needs are those which are not contrary to the principles of the Party but are helpful to the Party for propaganda purposes; encourage oppressed peoples to struggle for their freedom, provided they are not incompatible with the existing conditions in China; instil scientific knowledge; tend to encourage development of means of communications; demonstrate the progress in modern machinery and the working of modern armaments; demonstrate progress in European and American industry; tend to improve morality or encourage respect for public order; depict great episodes in history, provided they are not incompatible with the Three People's Principles; show international news in accordance with the needs of the country; promote the spirit of adventure; promote physical culture and tend to assist in the development of social education in ways other than mentioned above.

Another set of criteria governing the promotion and encouragement of native film production has also been approved.

According to the resolution, the Central Publicity Committee of the Party should take steps to promote and encourage the production of pictures which: vindicate the national dignity; expound or disseminate teachings of the late Party Leader, principles of the Party or the Party platform; demonstrate the revolutionary History of the Party; arouse national sentiments; depict the past glories of China; expound the ancient Chinese culture; demonstrate the spirit of fortitude, endurance, peace and uprightness of the people; encourage productive enterprises; demonstrate improved methods of agriculture, industry and commence; instil and disseminate seientific knowledge; promote the spirit of unity and cooperation; improve public morality; arouse courage and the undaunted spirit; promote good morals; promote the law-abiding spirit; tend to eliminate superstitious practices; and tend to assist in the development of social education in ways other than those mentioned above.

Chinese Who Lost Property in Chapei Threaten to Bomb Insurance Offices

The agitation of Chinese who lost their properties in Chapei during the Japanese bombardments at the beginning of the year, against various foreign insurance companies has of late assumed a stage where threats have been received by the companies that their offices would be bombed unless something was done to meet the claims. Some of the letters were signed by the "Prepared-to-Die Corps." The foreign insurance companies concerned, most of which are British, have flatly declined to change their previously expressed attitude that the policies issued did not cover war risk. The foreign companies have declined a suggestion that a bond issue be put out to cover the losses.

Canadian Steamer Line to Be Represented by C. W. Gordon

C. W. Gordon, formerly general agent in Japan for L Everett Inc. and at present holding a similar position in Shanghai, has been elected managing director of the Ocean Steamship Agents (China) Ltd., a newly organized British firm which will act as steamship agents and brokers in Shanghai.

The new Ocean Steamship Company is a Canadian firm formed by leading Vancouver shipping interests on the West Coast to maintain, with Governmental assistance and co-operation, a national freight service to Japan and China.

Shanghai Y. M. C. A. Conducts Drive to Raise $50,000

The Shanghai Y. M. C. A. is conducting a finance campaign to raise $50,000 by December 25. The campaign was launched at a tiffin given Nov. 28 at the new headquarters of the Association in the French Concession, when a large number of Shanghai business and social leaders were present. Dr. C. T. Wang, formerly Minister of Foreign Affairs is the honorary general chairman, and Sze Liang-tzai, newspaper owner, is the general chairman of the committee.

The Facts About Telephone Tariffs

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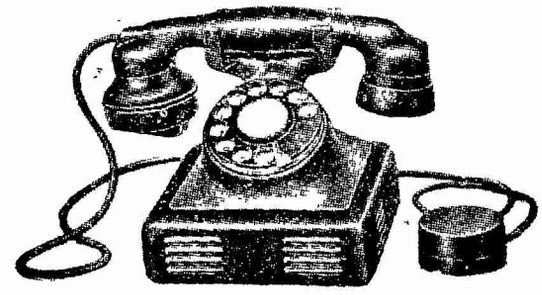

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63-075

Government Plan to Nationalize C. M. S. N. Co. Meets with Opposition

A set of revised regulations governing the purchase by the Government of shares of the China Merchants S. N. Co. has been promulgated by the Ministry of Communications and referred to the Board of Directors of the said Company for immediate enforcement.

It will be recalled that the Ministry of Communications issued recently a set of regulations governing registration of shares of the Company, which contained a provision to the effect that all shares not duly registered with the Government would be considered null and void. As this provision was open to the construction that the sale of shares was compulsory, the Regulations have accordingly been revised so that it remains optional with the shareholders to sell their shares at the price offered by the Government. The publication of the new Regulations is therefore, in the eyes of the law, an offer by the Government to purchase the shares at the stated price, which offer the shareholders are naturally free either to accept or reject. From the new regulations, it appears that this offer will remain open between December 1 and February 28 next and that upon the expiration of this period, it would no longer be binding upon the Government. Shareholders desirous of selling their shares at the stipulated price must therefore apply to the Government within this period.

A group of shareholders of the China Merchants S. N. Co. have formed a preparatory committee for the "Association for Protection of C. M. S. N. Co. Shares," with offices at 710 Avenue Edward VII., Shanghai.

Among the promoters of the association are Messrs. Li Chen-wu, Li Shih-sui, Yu Ko-min and others. They are planning to call a general meeting of the shareholders to discuss the legality of the government action in turning the shipping concern into a purely governmental enterprise and in acquiring the shares at ₮50 per set.

Certain members of the preparatory committee, it is understood, would invoke the Regulations Governing Public Utilities Operated by Merchants promulgated on December 21, 1929 to thwart the govenment scheme. According to the provisions of these regulations, the government may acquire shares of a private utilites concern only after giving one year's notice. It also provides that such concerns are to be purchased by the government at prices to be estimated by independent appraisers. Such estimates, according to the regulations, are to be based on the assets of the concern in question.

Pending the outcome of the concerted move to challenge the legality of the government action, the majority of the shareholders of the China Merchants' have refrained from surrendering their holdings at ₮50 per set. The Shanghai office of the Central Bank of China, which has been instructed by the government to acquire the public shares, has only come into possession of a little over a thousand sets of shares so far.

Opposition to the government action has been expected by the new administration and the government authorities. The appointment of Sheng Ping-chen, son of the late Sheng Kung-pao, as a member of the board of directors of the new adminstration and the continued detention of Marquis W. H. Li, deposed general manager of the concern, are seen as the government's steps to prevent a large scale and organized opposition on the part of the shareholders. Both the Sheng and Li families are holders of large interests in the concerns.

The new administration is continuing its study of the legal aspects of the ₮30,000,000 loan agreements which Marquis Li concluded for the shipping concern with the China Realty Company, Federal Inc. U.S.A. The government is stated to be determined to abrogate the loan agreements. Chu Cha-hua, Minister of Communications, is assisting the management of the company in deliberations for the rehabilitation of the concern and the abrogation of the agreements.

Chinese Students Collect Money for Airplanes

More than a thousand Chinese Boy Scouts and Girl Guides canvassed Shanghai December 2 for members and subscriptions to the China Aviation Reconstruction Association. Included in the 214 teams were students of the middle schools of the Fuh Tan and Chi Nan Universities, of the Liang Kiang Girls School, An Kuo School for Girls and other local institutions. All of them were under the leadership of the Shanghai Council of the Boy Scouts. They used the slogan "Be Air-Minded!"

Third Plenary Session Will Discuss Composition of Yuans

The third plenary session of the Central Executive Committee has been set for December 15, although recent telegrams from the Capital hinted that there might be a postponement. Among the matters to be discussed will be the composition of the Legislative and Control Yuans. Hitherto members of these two yuans have been appointed by the Government, but it is expected that measures will be formulated at the third plenary session to have half their number elected by the people. Steps will also probably be taken to harmonise the functions of the two yuans with the functions of the proposed people's political council which, it is expected, will be instituted after the plenary session.

It was stated on December 7 that out of 33 Central Executive Committee members now in Shanghai, nineteen have already intimated their readiness to proceed to Nanking to attend the forthcoming meeting. Madame Sun Yat-sen, Madame Liao Chung-kai, Liu Ya-tze and General Hsu Chung, it was intimated, are unable to go on account of illness.

Hu Han-Min Will Not Attend

Hu Han-min, former President of the Executive Yuan, will not attend the third plenary session of the Central Executive Committee of the Kuomintang, Mr. Hu's secretary recently announced at Canton; he added that Hu Han-min hopes the session will effectively deal with communist suppression and resistance to Japanese aggression as well as strive for close co-operation with the powers to aid China before the League of Nations.

Sun Fo Urges Hu Han-min to Attend

Sun Fo, formerly President of the Executive Yuan, announced at Shanghai Dec. 4 that he has decided to attend, in person, the forthcoming third plenary session. Mr. Sun pointed out that in view of the urgency of the national crisis, it is the duty of every member of the C.E.C. to share in the responsibility of the State by attending the forthcoming session. He emphasized that C. E. C. members should not shirk the heavy responsibility with which they have been entrusted, as such an attitude can not but give color to the Japanese allegation that China is not a united country.

Interviewed concerning the proposals which he intends to submit at the forthcoming session, Mr. Sun said that although he has not yet completed the draft of his proposals, he had decided however to submit two main proposals, one relating to foreign relations and political reforms, and the other to Party affairs.

Mr. Sun also intimated that he urged two of his fellow-members of the C. E. C., Messrs. Liu Lu-yin and Po Wen-wei, to prevail upon Hu Han-min to attend the forthcoming session. In view of Mr. Hu's prestige and the high standing which he occupies in the Party, Mr. Sun said that the active participation of Mr. Hu must be sought in any important deliberation on the affairs of the Party and the State.

Kuomintang Statesmen Visit Canton

Messrs. Ching Chien, Liu Lu-Yin, Chang Chi-pan and Pah Wen-wei, members of the Central Executive and Central Supervisory committees of the Kuomintang, arrived in Canton from Shanghai via Hongkong, Dec. 2. They were entertained at dinner by General Chen Chi-tang, commander-in-chief of the 1st Group Army, and by Lin Yun-kai, chairman of the Kwangtung provincial government, at the Tungshang Government Club. They were also guests of honor at a dinner party given by members of the south-west Executive Committee and the South-west Political Council.

T. V. Soong Makes Statement on Coming Plenary Session

T. V. Soong, Acting Chairman of the Executive Yuan, and Minister of Finance, on returning to Nanking Dec. 5 stated that he expected that the Shanghai members of the Central Executive Committee would attend the Third Plenary Session, but he did not know whether the Canton members of the Committee were coming.

Messrs. Kwan Su-jen, Li Chian, Teng Ching-yang and Tsui Kwang-hsiu departed from Canton Dec. 7 for Nanking in their individual capacities, to participate in the Kuomintang third plenary session. These four men are members either of the Kuomintang Central Executive or Central Supervisory committees. Other members of these two committees, who hold high positions in Canton, will probably be unable to proceed to Nanking, owing to the pressure of work, a recent telegram from Canton stated.

Soviet Oil for India---Anglo-Persian Concession Cancelled

As a result of negotiations conducted in Moscow last week an agreement has been signed between representatives of the Western India Oil Distributing Company and the "Soyuzneft" for the supply to India of Soviet oil products for a number of years. The deliveries under the agreement will exceed 1,000,000 tons, not including kerosene.

Persia Cancels Anglo-Persian Oil Concession

The Anglo-Persian Oil Co. was recently notified by the Persian Government that its concession was annulled because it was made before Persia had become a concessional state. The Anglo-Persian Oil Company has replied that it cannot accept the annulment, which it considered unjust and irregular. It claims that the Persian Government had no right to annul the concession, which was recognised both before and after Persia had received a constitution.

The National Assembly at Teheran on Dec. 2 approved the Persian Government's annulment of the Anglo-Persian Oil Company. The city of Teheran celebrated the annulment with illuminated shops and festive parties.

The British Government has notified Persia that it takes a "serious" view of the incident and will not agree to the cancellation.

Izvestia, official organ of the Soviet Government, declares that the action of the Persian Government in cancelling the concession held by the Anglo-Persian Oil Company is a most important political event. The Russian paper says the concession was an "unusual picture of Colonial plunder."

Community Chest Drive in Shanghai

The annual drive for funds for the American Community Chest was launched on November 22, and the first week of the campaign has brought substantial contributions which indicate that the American Community appreciates that the need this year is, perhaps, greater than ever before. In addition to providing for the relief of distressed Americans, the American Community Chest also supplies the funds to defray expenses of a number of other activities of the American Community, including expenditures incidental to the observance of American national holidays.

In this connection it is interesting to note that there is a growing sentiment that American firms should employ Americans as far as possible, an idea which was developed in a recent letter to the Shanghai *Evening Post* by Sam Peer, jr.

Indian Round Table Conference Discusses "Safeguards"

The Indian Round Table Conference in London, which has already disposed of certain constitutional questions such as franchise, devoted a large part of last week's deliberations to the consideration of safeguards to be introduced during the transitional period between the introduction of responsibility in the central government and complete self government.

Referring to the protection of Imperial relations to which much criticism has been directed, Sir Samuel Hoare emphasized that it was not intended that the Governor-General should normally intervene between the Indian and Dominion governments, but it was proposed to act as a safeguard, and be directed only in an emergency in which relations were so strained as to threaten the public safety

Nanking Administrative Area to Be Built Near Ming Tombs

Plans for the construction of the administrative area of the Capital at Nanking where all party and government offices are to be concentrated, have been drafted by the National Reconstruction Commission. According to the plans, the southeast section of the city near the Ming imperial tombs is to be set aside for the building of government offices. This area is to be bounded by the Hsihua Gate on the west and the Chungshan Gate on the east along both sides of the Chungshan Road. To the south there will be the Central Party Headquarters and its subsidary organs; to the north will be built the National Government House which is to be surrounded by the various yuans and their ministries.

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63-077

Reconstruction in China Proceeds Apace

Gold Deposits in Northern Shensi

A Sian despatch reports that gold deposits have been discovered north of Ansi, in northern Shensi. The discovery was made when pieces of gold ore were washed down by a waterfall. It is learnt that the Provincial Department of Reconstruction is planning to exploit the vein.

Excellent Yield of Cotton in Shansi

Statistical reports published by the Shansi Provincial Authorities give the total cotton production of the province for the current year as 19,300,000 catties (one and one-third pounds). Cotton is one of the chief products of Shansi.

British Boxer Funds to Build Foreign Affairs Building

Tenders will shortly be invited for the construction of the new four-story building of the Ministry of Foreign Affairs at Nanking. The structure is estimated to cost $600,000 and an appropriation from the British portion of the Indemnity Refunds has been secured for the work.

British Boxer Indemnity Representative Inspects Kiangshan Railway

Kenneth Cantlie, member of the Board of Trustees of the British Boxer Indemnity Refund and Advisor to the Ministry of Railways, visited Hangchow during the week to inspect the Hangchow-Kiangshan Railway on behalf of the Board, and to confer with Tu Chen-yuan, Managing-Director of the Railway. It is understood that his trip was taken in connection with a recent application of the Chekiang provincial authorities for a loan from the Board to complete the Railway. Appropriations from the Refund will be devoted to the purchase of the necessary material.

Railway Loan Contemplated for Canton-Hankow Line

The Vice-Minister of Railways, Tseng Chung-min, announced at Nanking Nov. 30 that the Ministry of Railways was contemplating the flotation of bonds to the value of £2,400,000 for the completion of the Chuchow-Shunchow section of the Canton-Hankow railway and for the purchase of railway material. The security, he said, would be the relinquished British share of the Boxer Indemnity due during the period between January, 1937, and December, 1946.

According to a report in *The China Press* on Dec. 6 the trustees of the British Boxer Indemnity Fund voted in favor of appropriating the sum of £2,450,000 for the completion of the Canton-Hankow line but attached a condition that the Ministry of Railways must first liqudate all outstanding debts of the Shanghai-Nanking line to the British-Chinese Corporation. It was stated the £1,200,000 would be set aside as security for a bond flotation and the remainder would be used for the purchase of materials for the Canton-Hankow line in England.

Two Night Express Services on Nanking Railway Line

Two night express services were inangurated on the Nanking-Shanghai Railway between Nanking and Shanghai December 1. Local services between Shanghai-Changchow and Shanghai-Wusih, which have been suspended since the Sino-Japanese hostilities last spring, were also resumed.

The express trains leave both terminals (Nanking and Shanghai) nightly at 10 o'clock and at 11.45 o'clock, replacing the 11 p.m. night express.

China to Take Over Cheng Tai Railway

Tseng Chung-min, vice-minister of railways, reported last week that the Chinese authorities have taken over the Cheng Tai Railway upon the expiration of this year's loan agreement with the French company, Societe Francaise de Construction et d'Exploitation de Chemins de Fer en Chine. The Cheng Tai railway connects Taiyuanfu, in Shansi, and Shihkiachwang. It is 151 miles long and its construction was undertaken in 1904 with a French loan of Francs 40,000,000 and government capital of over $6,000,000.

Financial Conditions in Honan

According to Fang Chi-tao, newly appointed acting chief secretary to the Honan Provincial Government, the monthly expenditure of the Provincial Government, which was formerly $40,000, has been reduced to $20,000. The monthly expenditure of the Education and Civil Ministries of the province, which was formerly $11,000, has been reduced to $8,000 for each. Many officials are being dismissed.

Bureau. A certificate will be given by the bureau to passed alcohol and with that certificate the merchant can apply at the Customs House for importation. One of the objects of the new regulations is to prevent alcohol intended for commercial purposes from being diverted for beverage uses.

Nanking Proposes Higher Duty on Japanese Goods

A protective tariff to prevent dumping of Japanese goods into China will be adopted by the national government upon the expiration of the existing customs agreement between China and Japan in May of next year, according to telegrams received by the Special District Chamber of Commerce from the Ministry of Finance and Ministry of Foreign Affairs during the week. Chinese merchants in Shanghai have been urging the adopting of increased rates of import tax on Japanese goods.

Ministry of Industry Develops Reclamation Projects

In regard to the scheme of the Ministry of Industry to lay out a large area in Suiyuan and Ninghsia as a model reclamation district, the Ministry is considering the organization of private reclamation enterprises in adjacent areas as experiments before the launching of the main project. The Ministry recently proposed to demarcate that part of Suiyuan and Ninghsia which is bounded by the Great Bend of the Yellow River as the first model reclamation district owing to the fertility of the soil and other advantages.

New Law Governing Examination of Commercial Commodities

A new Law governing the Examination of Commercial Commodities was adopted by the Legislative Yuan, December 3. Among the provisions are that commodities which are subject to examination shall not be allowed to be exported or imported unless they shall have been duly examined and given a certificate of approval.

Subject to reciprocal arrangements being made with foreign countries, foreign imports, which are ordinarily subject to examination, may however be exempted from the said examination if they are accompanied by certificates issued by the Government of the country of origin; provided that they shall still be liable to examination, should discrepancy be found between the certificates and the commodities.

Soviet Propaganda Goes Through Mails as Religious Tracts

The discovery was made last week that literature advocating a Soviet regime in China and enlarging upon the benefits derived by peasants from a communist government such as now exists in Russia has been circulated through the Chinese Post Office under the guise of religious leaflets. This discovery was made when the China Inland Mission received from one of their correspondents copies of pamphlets purporting to have been sent out by themselves but which, on examination, were discovered apparently to have been printed and published by the "Soviet Russia Study Institute, Foochow Road, Shanghai" and the "Chun Shun Book Store," Shanghai, but when the Police made a search no trace of such printing establishments could be found. There was no indication how long the despatch of pamphlets under this disguise had been going on.

The pamphlets received by the Mission were not of a violent nature. They set out to explain the alleged advantages enjoyed by the working classes under the Soviet regime, and painted a glowing picture of conditions in Russia to-day. Laborers had to work no more than five or six hours a day, the pamphlets stated. They were free from oppression by landlords and bourgeois merchants. A picture of paradise was drawn for the readers in simple language.

Moscow Hopes for Recognition by Roosevelt

The *de jure* recognition of the Soviet Union by the United States immediately after Governor Roosevelt takes over charge as President is confidently expected in Moscow according to a recent *Transocean* message. The recognition will probably be preceded by a visit of an American delegation which, apart from political negotiations, will also conclude a Russian-American commercial treaty.

American Trade with the Orient Makes Favorable Showing

(Editorial in the N. Y. Times, Nov. 8, 1932)

September figures of the Department of Commerce show that the United States sold goods valued at $244,000,000 in Asiatic markets during the first nine months of 1932. This is substantially below last year's total of $305,000,000 for the same period. But when comparison is made with other markets Asia makes a favorable showing. Our exports to the Orient have declined in value by 59 per cent since the prosperous days of 1929. But our exports to Europe have declined by 65 per cent and those to South America by 83. It pleases Mr. Borah and certain other Western Senators to mourn "the lost purchasing power of the Orient," ascribed to the decline in the price of silver. But so far as American exports are concerned, the purchasing power of the Orient is holding up better than that of Europe and far better than that of South America. The "silver" theory does not explain why our heaviest losses of foreign trade have occurred in countries not on the silver standard.

There is equally little satisfaction in the Department of Commerce figures for those who like to believe that American industry is menaced by cheap Asiatic competition. Japan is the country usually singled out for special attention in this respect; and during the campaign responsible Republican statesmen frequently suggested that the depreciation of the yen, together with a low standard of living and of wages, has enabled Japan to "flood" American markets with her goods. The department's figures show that instead of increasing, imports from Japan have actually declined in value by 32 per cent in 1932. While this is doubtless due in part to the lower level of prices now prevailing, a decline of this extent would seem to indicate a loss of volume as well as value. Measured by the latter standard, imports from Japan are now at the lowest level they have reached since 1915.

Meantime, Japan is doing her best despite heavy handicaps to continue her purchases from the United States. This is shown by the fact that her imports from this country have fallen only 14 per cent, while her sales to us have declined by 32. Japan can scarcely maintain her present purchases if, either by invoking a "dumping" clause or by increasing existing duties, we make it still more difficult for her to obtain American exchange.

Shanghai District Court Matter Discussed Again in House of Commons

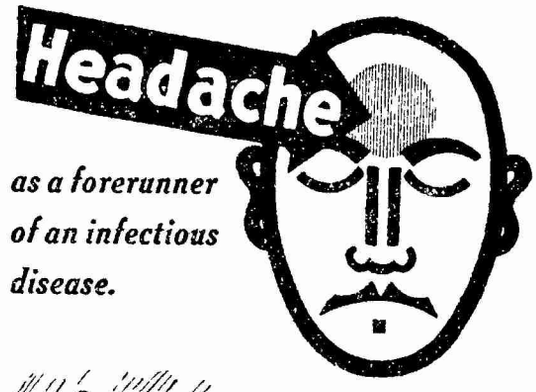
Questions regarding the Shanghai Special District Court were asked in the House of Commons December 5. Captain Anthony Eden, Under-Secretary of State for Foreign Affairs, said in reply that the Foreign Secretary was aware of the complaints concerning the working of the Court and fully recognized the importance of the matter; he said he was aware that negotiations must be concluded by April next, and gave an assurance that the Government was in no way wasting time. A Conservative member urged that Britain should lead all other nations in the matter, but there was no reply to this suggestion.

Heavy Shrinkage in American Trade with Britain and China

United States exports to the United Kingdom during the month of October this year totaled $33,057,000, compared with $50,499,000 in October, 1931. Imports into the United States from the United Kingdom during October this year were only $6,790,000, compared with $11,277,000 in October, 1931. Although the October trade returns showed the largest favorable trade balance of any month of this year, United States exports to China were only $5,069,000 in value, compared with $10,418,000 in October, 1931. (All figures in U. S. gold)

National Aviation Corporation Elects New Directors

The National Aviation Corporation was reorganized at a meeting of the shareholders in Shanghai December 2. The reorganization followed the resignation of Li Pei-chuan, managing director. Dr. Chu Chi-wha, Minister of Communications, Tai En-chi, Huang Nai-shu, Director General of Posts, and Shen Shih-hwa were re-elected to replace the old directors.



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Men and Events

The appointment of Dr. H. H. Kung, formers Minister of Industry, as Chinese Minister to Italy, is to be announced shortly.

Halleck A. Butts, American Commercial Attache, has been elected president of the American Association of Tokyo, succeeding William Hirzel.

Mgr. Clerc Renaud, ex-vicar apostolic in the province of Kiangsi, delivered au address at the fete of St. Francis Xavier in Lyons on Dec. 3.

Ku Meng-yu, Minister of Railways, visited Hankow end of November. He was the guest at a reception given in his honor by the staffs of the Peiping-Hankow and Wuchang-Changsha Railways.

Dr. C. C. Wu, formerly Minister to Washington, returned to Shanghai December 2 after a tour of several weeks in the north, including Peiping, Tatung, Suiyuan, Paolow, Tinghsien, Loyang, Sian and Kaifeng.

Vice-Admiral Sir Frederic C. Dreyer, recently appointed as Commander-in-Chief of the British China Station. will take passage to Hongkong in the s.s. *Ranpura*, leaving London on February 3, 1933.

The death occurred at Washington, D. C. Nov. 24 of Colonel James D. Taylor, former Commanding Officer, U.S. Army Troops in China. Colonel Taylor was stationed in Tientsin from March, 1929, to June, 1932.

Dr. W. W. Comfort, President of Haverford College and chairman of the Board of Lingnan Univerity at Canton arrived in Shanghai this week and after a day here proceeded to Canton where he will spend some time.

Gold to the value of 25,130,560 rupees was shipped to New York aboard the Dollar liner President *Harrison* from Bombay on Dec. 2. The shipment was the largest single gold consignment ever sent from India to the United States.

An army plane dropped 380 feet and crashed into a bamboo bush near the Aviation school at Canton Dec. 2. The pilot Chung Yun-hsiang was crushed under the plane and squadron commander Lu Yu-heng was seriously injured.

The room boy employed by A. P. Finch, news-editor of the *North-China Daily News*, Shanghai was fined $40 at the First District Court Dec. 3. Detective sub-Inspector Hutton, who arrested the room boy gave evidence in Court that the latter admitted that the had stolen a watch.

The 27th destroyer flotilla of the Japanese Navy, comprising the *Asahi, Sumire and Hishi*, under command of Commander Fujita, arrived in Shanghai Dec. 5. The newly arrived destroyers are replacements for the 15th destroyer flotilla, which sailed for Japan several weeks ago.

Frank Oliver, chief of the news department of *Reuters*, Ltd., at Shanghai has been transferred to Peiping where he will have charge of the service in that city. Mr. and Mrs. Oliver will depart for Peiping on Dec. 18. P. D. Evans, formerly in charge of the Peiping office, will in future be stationed in Shanghai.

A protest was made in Vienna last month by the Chinese Charge d'Affaires against the showing of the opera "Mr. Wu", in which a Chinese official is depicted as killing his daughter because of her love for a European. A protests was also made against other features of the opera, which misrepresent Chinese life.

F. T. Young, Wing On's manager, will retire from active business at the end of this month and proceed with his family to Hongkong. Mr. Young had been in the service of Wing On's for 35 years. He founded the Shanghai establishment in 1916 and its huge success has been mainly due to his efforts.

General Wu Teh-chen, mayor of Greater Shanghai, delivered a lecture on December 6 at 9.15 o'clock in the lounge of the Foreign Y.M.C.A. on "Greater Shanghai and its Future." This lecture was one of a series designed to acquaint foreigners with the problems which the Chinese authorities are confronting in civil administration in Shanghai and other parts of China.

The shareholders of the City Realty Co., held their annual meeting in Shanghai Dec. 1. The chairman, P. S. Widdup, reported that the Company had suffered a loss of Tls. 5,501.98 for the period under review of approximately 14 months. Due to the recent Sino-Japanese troubles, the Company was not in a position to sell certain of its holdings, at reasonably good profits, which under other circumstances they would have been able to do.

Dr. Charles E. Patton has returned from Canton where he had gone to attend the memorial service and interment of his sister, Miss Lulu Rose Patton, formerly principal of the Union Normal School of Canton.

Cecil Raymond Watkins, first-class private in the 4th Regiment, U. S. Marine band at Shanghai, died at the regimental hospital on Dec. 6, his death being due to pneumonia. Mr. Watkins was the oldest member of the regiment, having arrived here in 1927.

Vice-Admiral Mitsumasa Yonai, newly appointed Commander-in-Chief of the Third Japanese Squadron, succeeding Vice-Admiral Masaji Sakonji, who has been transfered to the post of the Commandant of the Sasebo Naval Port, arrived in Shanghai on board the flagship *Idzumo* Dec. 7.

The National Assembly at Panama Canal Zone on Dec. 3 passed a bill prohibiting further immigration of Chinese. Adoption of the bill follows an economic problem resulting from an influx of Chinese small merchants and laborers in recent years, many of whom fled from Mexico when said country passed exclusion laws,

Three Chinese members of the crew of the Canadian liner *Empress* of *Russia* are at present detained in Japan, according to Shanghai Chinese newspapers, as the result of an accident whereby one of the life-boats of the liner broke from its fittings and dropped on to the wharf, killing one and wounding two Japanese wharf coolies on December 18.

Applications are invited from young Chinese civil engineers having University B. Sc. degrees in engineering for appointment to the engineers' staff of the Marine Department of the Chinese Customs Service Candidates shall be required to pass a strict medical examination, must be of good physique and character, and must be between 22 and 27 years of age.

Representatives of the Asia Electric Company of Shanghai announced this week that the company is only engaged in the construction of a broadcasting station at Macao and is not interested in the establishment of a wirelesss telephone system between Macao, Hongkong and Canton. The radio broadcasting station at Macao is being constructed on behalf of the Portuguese Government.

F. C. Cleary, manager of William R. Warner and Company, agents for Richard Hudnut perfumery and soaps, has notified *The Review* that G. Warren Heath is no longer connected with the company. On Dec. 3 *The Review* reprinted a portion of an article by Mr. Heath from *Current History*, wherein it was alleged that the Bureau of Trade Marks at Nanking had discriminated against his company.

The various Chambers of Commerce and Foreign Exchange Banks in Shanghai have agreed on the list of holidays for 1933, a list of which has been published in the daily newspapers. Included in the list are: Washington's Birthday, Feb. 22, Memorial Day, May 30, Independence Day, July 4; and Thanksgiving Day, Nov. 30—which are indicated as American holidays, only observed by the American Community.

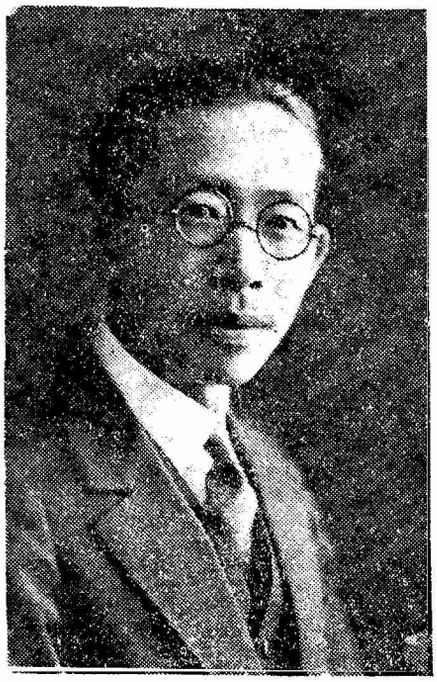
The Hangchow municipality has proposed that chauffeurs in possession of licences issued by either the S.M.C., French Municipal Council or Greater Shanghai Municipality, be permitted to drive cars over the new Hangchow highways instead of having to comply with the regulations of all districts. The Municipality of Greater Shanghai has referred the suggestion to the Public Utility Bureau for its consideration.

Judgment was reserved last week by the Second Branch of the Kiangsu High Court (Shanghai) in an appeal brought by Andersen, Meyer and Company, large American machinery firm, against a decision of the First Special District Court dismissing their Tls. 100,000 action against Messrs. Tung Pao-shu and Loh Jien-peh, directors of the China Thread Manufacturing Company. The case concerns the delivery of spinning spools which it is alleged were never paid for.

Miss A. Viola Smith, U. S. trade commissioner in China, discussed China's progress in road construction in a speech delivered at an International Club luncheon in Geneva Dec. 2. Mr. Haas, director of Transit and Communications of the League of Nations confirmed the glowing report on the progress of road building in China made by Miss Smith. He said that communications hold the key to the reconstruction and unification of China and congratulated the Chinese government on its work.

Who's Who in China

Ting-tsz Ko, government official; born in the district of Sun Woi, Kwangtung, 1896; B. A. National Peking University, 1921; M. A. Columbia University, New York, 1923; Ph. D. Columbia University, 1926; professor of political economy, Chung Shan University, Canton, 1927-32; founder and chief editor of *Kwangtung Morning Post* at Canton, 1932-; senior secretary, Department of Education and acting director of Department of Social Education, Ministry of Education, 1932; director of Marine and Navigation, Ministry of Communications, since Nov. 1932—, in which capacity, he is now representing the Ministry in the adjustment of the complications of the China Merchants Steam Navigation Company arising out of the allegedly illegal mortgaging of the Company's properties to foreign firms by the former management; author "The Governmental Methods of Adjusting Labor Dispute in North America and Australasia," address: Department of Navigation, Ministry of Communications, Nanking.



高 廷 梓
Ting-tsz Ko (Kao Ting-tzu)

高廷梓，廣東新會人，年三十六歲，國立北京大學文學士(一九二一年)，美國哥倫比大學經濟學碩士(一九二三年)，美國哥倫比亞大學哲學博士(一九二六年)，回國後歷任廣州國立中山大學法學院教授兼政治學系主任及圖書館主任(一九二七年至三二年)，廣東晨報創辦人兼社長及總編輯(一九三二年，)國民政府教育部簡任祕書兼代理教育司司長(一九三二年)，現任交通部航政司司長，著有英文「調劑勞資糾紛方法」等書。

An Underground Attack on League's Anti-Opium Activities

The efforts of the League of Nation's campaign against opium is being threatened by the proposal of the Supervisory Committee to refuse the credits necessary to enable the Convention for the Limitation of the Manufacture of Narcotic Drugs to become operative in 1933.

A. E. Blanco in a letter to Count de Wiast on the subject recently said that nothing is more likely to bewilder, disappoint, and anger a considerable public in the United States of America, than the carrying out of the proposal made by the Supervisory Committee. Public opinion in the U. S. A., he said, will not understand this manner of acknowledging America's prompt ratification of that Convention. The point was further made that already, the public has had the utmost difficulty to understand the refusal, by a certain Government, to allow the publication of its statistics of manufacture of narcotics; it fails to understand why the minutes of the advisory committee on traffic in opium, the minutes of the conference on the limitation of the manufacture of narcotics, and the minutes of the Bangkok Conference on the Suppression of Opium Smoking are issued with so much delay and without indexes.

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New Books of Interest in the Far East

A Rosy Road to Learning

Van Loon's Geography: The Story Of The World We Live In, written and illustrated by Hendrik Willem van Loon; Simon and Schuster, New York City.

Like virtually all books designed for the edification of those who seek a rosy road to learning, Van Loon's account of the geographic aspects of the modern world is far more interesting than profound. It does, however, contain much valuable information—and also some misinformation—and it is decidedly pleasant to read.

In addition it is illustrated with 150 of Van Loon's own drawings, 22 in color, and while his enterprise in this line is highly appreciated by many persons, it is this reviewer's convinced and candid opinion that these graphs are a terrible waste of ink and paper. They are neither good as art nor worth while as diagrams. To those who disagree: maskee!

Van Loon attempts to put in simple language, marked by zest and humor, the most outstanding characteristics of different areas of the earth, and to some extent—particularly in dealing with western Europe—he succeeds quite well. Almost every reader will find a large number of interesting, and sometimes important, facts that he or she did not know before. Sometimes, however, there are very misleading statements as when, in discussing Russia, Van Loon implies that the communism there is like that of the old monastic orders. Such a statement would be pardonable in a person not pretending to know any economics, but so eminent a scholar as Van Loon should realize that Marxian communism could only exist in connection with modern mechanical industrialization.

In discussing China, Van Loon alleges that this country has the second largest iron deposits in the world. Now that may be true, for Celestial geologic surveys are very inadequate, but there is no scientific evidence in the year of 1932 to confirm it,—in fact, quite the contrary!

No one could assuredly accuse Van Loon of being in the pay of the Mikado, but he has evidently swallowed a lot of Japanese propaganda, for he claims that Nippon's seizure of Manchuria is the result of "Japanese necessities" to find an outlet for surplus population. Yet the record of the years has shown the Japanese are very inefficient settlers in a land as cold as Manchuria while the Chinese, who are as fully overcrowded at home as the Japanese, have alone proved capable of developing what used to be the Three Eastern Provinces of Cathay.

Despite these and other inaccuracies, Van Loon's version of geography is well worth reading. Any genuine scholar, however, will find it more interesting than informative. W.B.

Frequency in Language

Selected Studies in the Principle of Relative Frequency in Language. by George Kingsley Zipf, Harvard University Press, Cambridge, Mass.

A book well worth the attention of teachers or students of language, particularly students of Chinese phonology, is this volume setting forth the results of an investigation to determine whether modern Peiping vernacular substantiates the principle of Relative Frequency.

Mr. Zipf, in 1929, advanced the Principle of Relative Frequency as follows: The accent or degree of conspicuousness of any word, syllable, or sound is inversely proportionate to the relative frequency of that word, syllable or sound, among its fellow-words, syllables, or sounds in the stream of spoken language. As any element's usage becomes more frequent, its form tends to become less accented, or more easily pronounceable, and *vice versa*."

The theory is an interesting one, to say the least, and at the same time it will cause boundless argument and controversy.

The premise is advanced that the principle applies to all languages. Therefore, the largest part of the book is taken up with a classification of two widely dissimilar languages, Latin and Chinese, to illustrate the frequency of occurrence of words.

Four plays of Plautus show that *quid* occurs 514 times, *ego*506, *me* 482 and *est* 473; 5,429 words appear only once and 1,198 but twice.

Twenty selections of colloquial Chinese of Peiping, each selection one thousand characters long were observed. In the 20,000 syllables there are 20,000 vowels and 17,3 38 consonants. The number of tones are: First tone, 3484, second tone, 3028, third tone, 3783, fourth tone, 6209 and entering tone, 3496. The word occurring most frequently in the selections is 的 (di) which appears 905 times; 了 (liao) is seen 290, and 是 (sz) 246.

The charts included indicate that English, Latin and Chinese word-frequency show the principle to be sound. The author says his argument is of words, but that we may "argue of clauses, sentences, regarding in turn the phrase, the clause, the sentence, as the symbol." Where does the Principle stop? "It stops where neither order nor value are existent. In other words it is all pervasive in life. I believe that from the single cell to the most highly organized society of individuals the law prevails that Frequency times Conspicuousness is Constant."

Mr. Zipf is an instructor in German at Harvard University M. V.

An Ozark Chronicle

Back Yonder, by Wayman Hogue. New York: Minton, Balch & Co.

One need not go to Mexico or foreign parts to find survivals of an earlier conception of life. The self-sufficiency and rugged independence of American pioneer days exist today in the Ozarks, almost untouched by Machine Age economics and material improvements.

Wayman Hogue was born in a one-room log cabin in a remote section of these timeless mountains, and looking back on his Ozark youth after an absence of many years, he has written this remarkable chronicle of folk-ways almost as remote from America of the twentieth century as are feudal times in medieval Europe. Mr. Hogue knows whereof he writes, and never before has mountain vernacular and mountain lore been handled with more unimpeachable authoritry—for his is a story of mountaineer life by a mountaineer.

"Back Yonder," unvarnished, unsentimental, sincere, with no attempt at artificial color or picturesqueness—indeed, none is necessary—rises to heights of power and beauty and pathos, for which more practiced pens have striven in vain. From the first page the reader of this book enters a foreign world in the heart of America, a world where the artificialities which go to make up our existence are utterly unknown and undesired, and where only the fundementals have a place.

Howard Simon, the well-known illustrator, has spent the last few months in the Ozarks, in order that the many woodcuts in the book may be as instinct with the locale as is the text. B. K.

Australian Chinese Pleads For Co-operation

Wm. J. L. Liu, well-known Chinese merchant connected with the Chinese firm, Wing Sang & Co., Sydney, Australia, has written a booklet entitled "Chinese-Australian Trade Relationship" published by and circulated under the auspicies of the Society of Chinese Residents in Australia, in which he stresses the need of Sino-Australian co-operation as a means to promote good trade relationship between the two countries. Mr. Liu mentions two Australians who have rendered valuable services to China and helped to strengthen the friendly relations between Australia and China. They are the late Dr. E. G. Morrison, in honor of whose memory the Chinese residents in Australia have recently created a lectureship on ethnology bearing his name and the other, W. H. Donald, now advisor to Marshal Chang Hsueh-liang and the Ministry of Foreign Affairs of the National Government.

Mr. Liu has a good grasp of Chinese history and the present political situation in China. Writing on the Sino-Japanese war at Shanghai last Spring when he was a visitor here, he points out the great opportunity to Australian merchants, as the Chinese through the vigorous enforcement of the boycott movement have refused to trade with the aggressor and consequently have to increase imports from Australia. In order to foster still better trade relationship with China, Mr. Liu urges the necessity of ameliorating the treatment of Chinese residents by the Australian authorities and concludes with the plea "help the Chinese community here so that they can help your trade with China."

Recent Pamphlets Received

The Rockefeller Foundation has issued its annual report for the year 1931. In it is noted the fact that an appropriation was made to the National Medical Association of China toward the cost of amalgamating the English section of its Journal with the Journal of the China Medical Association. Among the illustrations is one showing the class of the first midwifery school, Peiping, China.

St. Luke's Hospital for Chinese in Shanghai has issued its sixty-fifth annual report. The report of the superintendent, J. M. Wilson, shows that the number of outpatients had increased to the high figure of 107,030. Patients brought in by the police increased by 42 per cent. The eye, ear, nose and throat department increased by leaps and bounds. The report says: "The most exciting thing to happen has been a gift of G$100,000 from the Home Church towards our new building fund. This was largely the result of Bishop Grave's trip home and work through friends at St. Luke's at the general convention held at Denver, Colorado, in September."

Statistics on Industrial Disputes in Shanghai are contained in a publication entitled "Industrial Disputes—Not Including Strikes and Lockouts, Greater Shanghai, 1930" issued by the Bureau of Social Affairs of the Government of Greater Shanghai. Aside from his long contact with both the employers and the employed, T. Y. Tsha, who is conducting the various investigations into labor problems in this city, has spared no effort in getting actual facts and exact figures.

The October issue of *Academia Sinica*, published by the National Research Institute of Geology, Shanghai, is devoted to a discussion in the German language of "Beitrage zur Liasischen Flora von China."

READERS of *The China Weekly Review* who may be interested in obtaining copies of any books which have been reviewed in these columns, may obtain them by sending their orders in care of *The Review*....If obtainable in Shanghai the books will be mailed immediately at retail prices prevailing in Shanghai, plus postage, or if not obtainable here, they will be ordered from the publishers abroad. Send orders or inquiries to Book Editor, *The China Weekly Review*, 38 Avenue Edward VII, Shanghai.

Japanese Submarine Sinks---Over One Hundred Drown

More than a hundred officers and men are missing and are believed to have been drowned as the result of the sinking of the Japanese destroyer *Sawarabi*, a vessel of 900 tons, which foundered in a storm 100 miles northwest of Formosa Dec. 5 as she was making her way to make the Japanese naval base in the Pescadores.

Acting Chancellor of Peking University Declines to Act Further

Dr. Hsu Chung-ming, acting chancellor of the Peking National University, has telegraphed to the Ministry of Education saying that he will not in future attend office. He urged the Ministry to persuade the chancellor, Shen Yun-mu, to resume his duties as soon as possible. Dr. Hsu took over the acting chancellorship last September.

Marc T. Greene Gives Interview on Manchuria

Marc T. Greene, well-known American journalist, who for eight years was travelling correspondent for the *Christian Science Monitor*, is quoted in an interview with the Japanese *Rengo* news agency as saying: "It is always dangerous to apply broad principles to specific instances without full knowledge of the exisiting facts, and that is exactly what America, influenced largely by well-meaning but the entirely misleading Lytton Report, has done and continues to do in the Manchurian controversy."

In the United States Court for China

In re. Last Will & Testament of KATE L. OGBORN, Deceased | Cause No. 3489 | Special Proceedings No. 805 | NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Kate L. Ogborn, deceased, to present the same with vouchers to the undersigned on or before May 20, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China,
November 15, 1932.

PAUL G. HAYES
Wuhu, China.

IN THE UNITED STATES CONSULAR COURT
FOR THE DISTRICT OF SHANGHAI, CHINA.

In re. Estate of DOMINADOR VILLARRUZ, Deceased | Cause No, | Special Proceedings No. 135 | NOTICE

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of Dominador Villarruz, deceased, to present the same with vouchers to the undersigned on or before May 26, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
November 18, 1932.

RAVEN TRUST COMPANY
Fed. Inc. U.S.A.

IN THE AMERICAN CONSULAR COURT
FOR THE DISTRICT OF SHANGHAI, CHINA.

In re. Estate of BERTHOLD CANN, Deceased | Cause No. | Special Proceedings No. | NOTICE

Pursuant to an Order of side Court notice is hereby given to all persons having claims against the estate of Berthold Cann, deceased, to present the same with vouchers to the undersigned on or before May 19, 1933, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Shanghai, China.
November 16, 1932.

RAVEN TRUST COMPANY
29 Nanking Road
Shanghai.

BACK ISSUES WANTED

The Review will pay 50 cents (big money) for each copy of the following issues.

Dec. 27, 1924	Vol. 31 No. 4
Feb. 14, 1925	Vol. 31 No. 11
Oct. 10, 1931	Vol. 58 No. 6
Feb. 27, 1932	Vol. 59 No. 13
March 5, 1932	Vol. 60 No. 1

Mail with statement to

THE CHINA WEEKLY REVIEW
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Shanghai.

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"HONESTY IS BEST POLICY"

(*Continued from page 12*)

universal respect with which Dr. Sun is held, it is indeed a great misfortune on the part of China that the noble example had he set should not be imitated and emulated by and his sterling qualities should find so little reciprocation in the rank and file of both the Government and the Party, whose members, one and all claim to be his true followers and pledged to carry out his unfulfilled wishes.

In a brief review of the constitutional history of the Republic, one finds that Chinese political system has undergone many changes during the last two decades. The presidential system, the system of responsible cabinet and the committee system have all been tried but found wanting and unworkable. The very systems that operate remarkably well in the lands of their origin become a hopeless failure when planted on Chinese soil. This curious situation calls for explanation. It seems that there must be some wrong some where and until this wrong is located and rectified, China's efforts in setting up a modern administration will forever remain a failure. While opinions on this point may vary, it seems that there is a general recognition among the leaders in China that the primary wrong lies not with the method but with the men who employ and work. It is worse than useless to reform the systems every few years by wars and revolution, if there is no corresponding and fundamental change of the minds of the men engaged in politics who still hold the antiquated view regarding public offices as opportunities for personal graft still dominating their thoughts. As far as the system itself is concerned, the Five-Power Constitution evolved and elaborated by Dr. Sun seems to be best suited to China and the wrong does not lie there. Therefore the most important thing which is needed to bring about China's political reform is just for those who claim to be or pose as the followers of Dr. Sun to practice what he taught, reproduce his good political qualities in themselves and honestly and conscientiously carry out his political principles as embodied in the Constitution. The extirpation of the prevalant evils of inefficiency and corruption in the Government likewise can only be effected by the same means. Mere lip-service to the late leader or bodily homage rendered him in the form of ceremonials before his portrait or recitations of his will on the part of his followers without conscientious conversion to his teachings are not only futile, but constitute a disrespect to the memory of the late leader whose name in that case would simply be unscrupulously exploited for personal gain at the expense of the commonweal of the people. The matter of suppression of the prevalance of official corruption and dishonesty now forms an acid test whether the government officials, high and low, are one and all true followers of the Late Leader or mere exploiters of his noble name for ulterior purpose.

Ever since the establishment of the Republic, China has been in constant turmoil internally. Revolutions, civil wars, other disturbances have occurred in succession one after another and at times simultaneously, weakening the authorities of the Government, spreading miseries among the people, draining the wealth of the nation and driving the good people into communism and banditry, while the whole country is seething with a feeling of uneasiness and insecurity. As civil wars are being waged, the central and local administrations are constantly in a state of change and as a natural consequence, political life becomes unstable and insecure in the extreme. Since the political workers realise that political life in China is necessary short, they consider it an act of wisdom to make the best and most of the least and stoop down to illegal practices, while entirely neglect the elementary principles of political morality. Such a conception gives rise to cases of corruption and herein lies the root of this evil. To combat this evil, it is necessary to go to the bottom of things, that is, as stated in the beginning of this article, a rivolution of mind on the part of the political Workers and faithful observation of the Dr. Sun's political principles and ideals by his followers. Among other important reforms, the trite but time-honored saying "honesty is best policy" should be the future watchword of the Government.

British Urge Delay and Revision of War Debts

The outstandiug feature of recent events in connection with the question of the war debt payments which are due to be paid on December 15 by various European countries to the United States was a carefully worded statement by Great Britain pointing out the likelihood that America would lose more than it would gain through insisting on these payments, owing to the inevitable disturbance that would occur in the world's money markets through the sacrifice that England and other countries would have to make in order to meet the payments. The British argument was stated in telegrams from New York and Washington to have been considered of such importance that the President, his cabinet and various American financiers held earnest consultations as to the course to pursue. However, so far there has been no indication that the United States intends to change from its previously expressed attitude of demanding payment on December 15, although there have been hints that the United States would be willing to somewhat lighten the burden of countries whose currencies have depreciated by allowing them to pay in their own currencies. Italy has in the meantime notified its intention of paying the December 15 interest, but in common with other debtor countries seeks a revision of the debts due to the United States. So far, however, the American attitude has been: "Pay or Default."

The general tenor of the British Note to the United States sent Nov. 30 was that "the suspension of the December payment of war debts is essential to enable reconsideration of the whole question in a proper atmosphere of calm concentration." The Note pointed out the distracting effect of the transfer of such a large sum at present. It showed that the only practical method of payment would be by gold reserves from the Bank of England which reserves were none too large. The request for postponement of the payment is based on the profound conviction of the British government that a resumption of the old war debts payments would have disastrous consequences for every nation, not excluding the United States, would be fruitful for a revival of world prosperity and the prospects of success would be materially improved by the suspension of the war debt payments. The note offered to consider in conjunction with the United States any convenient method of arranging the postponement. The note declared that war debts and reparations are responsible for the present world trouble. Britain is not asking the United States to make a greater sacrifice than Britain has already made. The true interests of both countries lie in co-operation for a revival of world trade, the Note pointed out.

Japanese Banks Threaten to Withdraw Chinese Credits

Japanese banking and export houses which have been extending credits to Chinese firms are planning to withdraw them, it was reported in a recent Tokyo telegram.

Representatives of the Mitsui, Mitsubishi and Yokohama Specie banks conferred on the advisability of such a course Dec. 13. Some of those attending the conference said Japanese banking houses should not extend credits to Chinese merchants and financial concerns while China was not redeeming loans made to the Nanking Government. The bankers claimed that this was not so much due to lack of Government income as to the expenditures for military purposes.

Dollar Company Sues Guarantor of Former Shroff

The Robert Dollar Co. were paintiffs in the Shanghai Special District Court during the week against Yuan Pausun, Chinese merchant, to recover Tls. 6,000 representing the balance of Tls. 16,000 which his son, C. C. Yuan, a former shroff of the company, is alleged to have converted to his own use from the company's funds. Kau Yunglang, gaurantor of the shroff, was named as co-defendant in the action. According to the petition of the American company, criminal action was not instituted against the shroff as his father offered to make complete restitution to the company of any sums taken by his son.

Latest New York Stock Exchange Quotations

Market—Strong Business Done 1,100,000 Shares

Dec. 7, 1932

1931-2 High	1931-2 Low	Div.$ per Sh.	STOCKS	Mon. Dec. 5	Tues. Dec. 6
9 1/8	1 5/8	—	Adams Express	4 7/8	5
88 1/4	42 1/8	*6.00	Allied Chemical & Dye	71 1/2	76 3/8
15 5/8	4	—	Allis Chalmers	7 1/4	7 1/2
73 7/8	29 5/8	*4.00	American Can	49 7/8	52
15	2	—	American & Foreign Power	6 1/4	7 1/8
10	1 1/8	—	American & Foreign Power Warr.	4 1/4	5
27 1/4	5 1/4	—	American Smelting	13	14 1/4
137 3/8	70 1/4	9 00	American Telephone & Telegraph	102 1/2	107 1/8
89 3/4	44	*5.00	American Tobacco "B"	56 1/2	59
34 1/2	11	2.00	American Waterworks	17	18
19 3/8	3	—	Anaconda Copper	8	8 3/8
151 3/4	28 3/4	*4 00	Auburn Automobiles	41	46
21 3/8	3 3/4	—	Baltimore & Ohio	8 1/2	9 1/2
29 5/8	7 1/4	—	Bethlehem Steel	14 3/4	16 1/8
43 1/8	20	*2.00	Borden Company	23	25
14 1/4	3 5/8	—	Borg Warner	7 7/8	8 1/2
20 5/8	7 1/4		Canadian Pacific Railway	12 1/8	13 3/8
65 3/4	16 3/4	—	Case, J. I.	36 1/2	40
47 7/8	19	2 00	Chase Bank	33	34 3/4
20 3/4	4 7/8	2.00	Chesapeake Corp.	14 1/2	16
21 3/4	5	1 00	Chrysler	14 5/8	15 7/8
6 7/8	1 1/4	—	Cities Service Company	3	3
21	4 1/4	1.00	Columbia Gas & Electric	12 1/2	13 3/4
5 3/4	1 5/8	.30	Commonwealth & Southern	2 1/2	2 5/8
1	1/16	—	" Warr.	5/8	5/8
68 3/4	31 1/2	4.00	Consolidated Gas of N. Y.	55	57 5/8
9 3/8	3 5/8	—	Continental Oil	5 5/8	5 3/4
56 3/8	24 3/4	*3.00	Corn Products	48	50
7 5/8	1 1/2	—	Coty Inc.	3 3/4	3 3/4
3 1/4	7/8	—	Curtiss Wright Company	1 5/8	1 3/4
18 5/8	5	.75	Douglas Aircraft	9 1/8	10 3/8
57	23	4.00	Drug Incorporated	31 7/8	33 1/2
59 3/4	22	2 00	Du Pont de Nemours	34 1/8	36 3/8
87 7/8	35 1/4	3 00	Eastman Kodak	50	52 1/4
45	5	6%S	Electric Bond & Share	17 1/4	19 1/2
16	2 3/4	—	Electric Power & Light	6 1/8	6 3/4
5 5/8	1	—	Fox Film "A"	1 7/8	2
26 1/8	8 1/2	.40	General Electric	14 1/2	15 1/8
40 1/2	19 7/8	2 00	General Foods	21 5/8	22 3/8
24 5/8	7 5/8	1.00	General Motors	12 3/4	13 1/2
28 5/8	6 1/8	1.00	General Railway Signal	12 1/4	Unq.
24 1/4	10 3/8	1.00	Gillette Safety Razor	16 1/2	17 1/4
20 5/8	8 1/4	1.60	Gold Dust	14 7/8	15 3/4
29 3/4	5 1/2	—	Goodyear Tire & Rubber	13 3/4	15 1/2
18 3/4	3 5/8	—	International Cement	7 1/2	8
1 7/8	1/2	—	International Com Engine.	5/8	1/2
34 1/8	10 7/8	1.20	International Harvester	20 3/8	21 1/8
12 1/2	3 1/2	—	International Nickel	7 3/4	8 1/4
15 3/4	2 3/8	—	International Telephone & Tel graph	8	8 5/8
33 3/8	10	—	Johns Manville	19 1/4	21 1/4
19 1/4	4 3/8	—	Kennecott	9 1/8	9 1/4
9 1/8	1/32	—	Kreuger & Toll	1/8	1/8
67 1/4	32 1/8	*4.00	Liggett & Myers, "B"	52	54
37 3/4	13 1/4	*3.00	Loew's: Inc.	21 1/2	23 1/4
18 3/8	9	1.20	Lorillard P Co. (Com.)	12 3/4	13 1/2
11 3/8	1 1/2	—	Lu lum Steel	5 1/8	5 1/4
16 1/2	3 1/2	—	Montgomery Ward	12 1/4	13 3/8
64 1/2	23 3/4	2.00	National City Bank (bid price)	41 1/4	44 1/2
10 1/4	2 1/2	—	Nevada Copper	Unq	4 5/8
36 5/8	8 3/4	—	Ne ork Central	20 1/2	22 3/4
43 1/4	13 3/4	10%	North American Company	25 3/4	27 3/4
37	16 7/8	2 00	Pacific Gas & Electric	27 3/4	28 7/8
5 1/4	1 1/2	—	Packard Motors	2 3/4	2 5/8
11 1/2	1 1/2	—	Paramount—Publix	1 3/4	2
23 3/8	6 1/2	—	Pennsylvania Railroad	12 5/8	13 1/2
4 3/8	1	—	Penn-oad Corporation	1 1/2	1 1/2
8 3/8	2	—	Phillips Petroleum	5 3/8	5 1/4
60	28	3.20	Public Service of N. Jersey	47	48 3/8
12 1/2	2 1/2	—	Radio Corporation	5 1/8	5 3/4
7 3/4	1 1/2	—	Radio-Keith Orpheum	3	Unq.
40 1/4	26 1/2	3.00	Reynolds Tobacco "B"	28 1/2	30
37 3/8	9 7/8	—	Sears Roebuck	18 3/4	19 3/4
8 3/4	2 1/2	—	Shell Union	5 1/4	5 5/8
13 5/8	3	—	Simmons Company	6 3/4	7 1/4
12 1/4	5 1/4	.80	Socony-Vacuum Corp.	7 5/8	7 3/4
2 3/4	15 3/4	2 00	Southern California Edison	24	24 7/8
34 1/4	7 5/8	2.00	Standard Gas & Electric	11 1/2	12 1/2
37 3/8	19 1/8	*1.00	Standard Oil of N. Jersey	29 1/4	30 5/8
18 1/4	9 1/4	1.00	Texas Corporation	13 3/4	14
26 3/4	12	2.00	Texas Gulf Sulphur	20 3/4	21 1/2
7 1/8	2 1/8	—	Trans America	4 3/8	4 3/4
386 3/8	15 1/2	1.20	Union Carbide & Carbon	23	24 1/4
94 1/2	27 5/8	6.00	Union Pacific Railway	64 1/2	69 7/8
34 3/8	6 1/2	—	United Aircraft & Trans	22 3/8	25 1/4
14	3 1/2	.40	United Corporation	8 3/4	8 7/8
22	9 1/4	1.20	United Gas Improvement	18 5/8	19
10 1/4	1 1/4	—	U. S. Rubber	4 1/8	4 1/2
52 5/8	21 1/4	—	U S. Steel	30 1/2	33 1/4
23 3/4	5 1/4	—	Vanadium	11 1/4	12
4 1/2	1/8	—	Warner Bros Pictures	1 1/2	1 5/8
43 1/2	15 7/8	—	Westinghouse E. & M	24 3/4	26 7/8
45 5/8	22	2·40	Woolworth	34	35 1/4
*Plus extras			Call Money	1%	1%

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U. S. Budget Will Be G $4,208,000,000 Despite Economies

General reductions in administrative expenses were outlined by President Hoover in his budget speech to Congress, Dec. 7. In spite of economies, however, he said there is little relief for the United States taxpayer in sight. On the contrary the re-enactment of certain taxes, such as those upon gasoline and upon manufactured goods, will be necessary if the expenditure is not to exceed revenue. Reductions were recommended in the appropriations for the War Department and the Navy Department, General MacArthur's plea for increases in the Army being provisional upon the state of the nation's finances. The largest item of the entire budget is for expenditures of the Veterans administration. The President asks an appropriation $931,727,000 compared with a request totalling $1,072,064,000 a year ago. For the Navy Department the President asked Congress to provide $308,000,000 which compares with his request last year of $343,000,000. The War Department needs were set at $365,000,000 compared to $423,940,302 a year ago. This figure includes Panama Canal Zone expenditures. It is expected that new taxes will have to be asked for, in view of the drop in revenue and despite the reduction in expenditure. One of the few exceptions in the expenditure cuts is the appropriation for the United States Court for China, which shows an increase of G.$6,000, to avoid administrative furloughs which apply within the United States.

It will cost the tax payers of the United States $4,208,000,000 to maintain the United States Government and retire a part of its public debt in the fiscal year 1933-1934, President Hoover told Congress.

Prohibition Fails in the House of Representatives

Repeal of Prohibition failed by five votes of the two-thirds majority necessary when a vote was taken in the House of Representatives immediately after the opening of Congress Dec. 5.

Li Li-san's Wife Arrested as Communist Suspect

The Shanghai Municipal Police during the week took into custody two more alleged Communist leaders, including the wife of Li Li-san, a member of the Chinese Communist Party's executive committee who is noted for his activities in connection with the labor movement in Shanghai shortly after the arrival of the Nationalist troops several years ago. Upon the authority of a search warrant issued by the First Special District Court, officers of the Bubbling Well Police Station raided a house in an alleyway, off Avenue Road, and arrested the wife of Li Li-san.

When brought before the Second Branch Kiangsu High Court, the woman admitted being the wife of Li Li-san and that they both studied in Russia. She denied, however, having joined the Communist Party. The other accused stated he was a student of a local law school and that he had no relations with Communist activities. Both prisoners were remanded sine die by the Court for further investigations.

Spain Recedes from Plan to Confiscate I. T. & T.

Following a sharp protest from the U. S. Government, Spain has receded from its recently declared intention of confiscating the properties of the International Telephone & Telegraph Co. The I. T. & T. are owners of the Shanghai Telephone Co. and Commercial Pacific Cable Co., and are also associated with the Mackay interests, which recently made a contract with the National Government for radio and telephone services between China, the United States and Europe—now in dispute.

The National City Co. Gold Bond Quotations Received From Head Office

Dec. 1, 1932.

SECURITY	RATE	DATE DUE	Price	Approx Yield%
The National City Bank of New York		Stock	41¾	—
Argentine Government	6 %	May 1, 1960	43	—
U. S. of Brazil	6½%	Oct. 15, 1957	14⅝ bid	—
Republic of Finland	6½%	Sep. 1, 1956	60½	—
German Central Bank for Agriculture	6 %	Oct. 15, 1960	48	—
Kingdom of Italy	7 %	Dec. 1, 1951	98½	7.15
State of Minas Geraes Series "A"	6½%	Sep. 1, 1959	13	—
State of Sao Paulo (Brazil)	7 %	Oct. 1, 1940	52½	—
American I. G. Chemical Corporation	5½%	May 1, 1949	71	8.88
Chine Westphalia Electric Power Corp.	6 %	Apr. 1, 1955	47½	—
QUOTATIONS RECEIVED FROM LONDON OFFICE				
Republic of China Gold Loan	5 %	1925	71	—
Chinese Govt. Re-org. (£) Loan Stamped	5 %	1913/60	73½	—
Chinese Govt. Re-org. (£) Loan Unstamped	5 %	1913/60	71¼	—
Chinese Government (Crisp Loan)	5 %	1612	43½	—
Shanghai-Nanking Railway	5 %	1904/08	44	—
Shanghai-Hangchow-Ningpo Railway	5 %	1908/58	82	—
Hukuang Railway	5 %	1911/1951	28	—
Tientsin-Pukow Railway	5 %	1908/09	30	—

NOTE: The above quotations are received by cable, and whilst believed to be correct, are not guaranteed.

The National City Bank of New York, Rates of Exchange

Shanghai Dec. 7, 1932.

Demand selling rate on America:	U.S. $1.00=Sh. $5.0196
Demand buying rate on America:	U.S. $1.00=Sh. $4.9147
Demand selling rate on London:	£1.0.0=Sh. $16.063
Demand buying rate on London:	£1.0.0=Sh. $15.735

Waichiaopu's Note to Japan Insists that Massacre Report Is Correct

The Waichiaopu officially announced at Nanking Dec, 7 that it had addressed a vigorous note to Mr. Ariyoshi. the Japanese Minister, protesting against "the wholesale massacre of Chinese at Fushun by Japanese troops" and at the same time refuting the Japanese Note of November 26 denying reports of the massacre.

After stating that the Chinese Government had received many authenticated reports of the Fushun carnage, the Chinese Note states:

"There are incontrovertible evidences which cannot be summarily dismissed by a mere statement of denial."

The Note further recalls the illegal occupation of Manchuria by Japanese troops and the unprovoked hostilities in Shanghai, and finally the wanton destruction almost daily of Chinese life and property. It adds: "Such cruelty as was shown by the Japanese troops in the methodical performance of the present massacre, not only called forth the greatest indignotion of the Chinese people but also shocked the conscience of the whole world."

Referring to the Japanese Note stating that the publication of unfounded reports of the Fushun massacre is a serious reflection on the good name of the Japanese Imperial Army, the Note from the Waichiaopu says: "In the opinion of the Chinese Government the Japanese Government could have done much to uphold the reputation of the Japanese Imperial Army by enforcing discipline from the very beginning and by ordering immediately the complete evacuation of Manchuria and the restoration of same to China."

The Note concludes with the statement that, since there are incontrovertible evidences showing that a wholesale massacre had been perpetrated, the Chinese Government not only cannot accept the statement of denial contained in the Japanese Note, but also takes occasion to lodge a strong protest with the Japanese Government while reserving in the meantime all claims in connection with the incident.

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